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CITY OF LONDON

Public Relations and Economic Development Sub (Policy & Resources) Committee

Date: **THURSDAY, 8 JUNE 2017**

Time: **12.00 pm**

Venue: **COMMITTEE ROOM 4 - 2ND FLOOR WEST WING, GUILDHALL**

Members:
Deputy Catherine McGuinness (Chairman)
Mark Boleat (Deputy Chairman)
Simon Duckworth
Hugh Morris
Alderman Sir Michael Bear
Deputy Keith Bottomley
Anne Fairweather
Deputy Edward Lord
Andrew Mayer
Jeremy Mayhew
The Lord Mountevans
Deputy Tom Sleigh
Sir Michael Snyder
James Tumbridge
Alderman Sir David Wootton

Enquiries: **Emma Sawers**
emma.sawers@cityoflondon.gov.uk

Lunch will be provided in Guildhall Club at 1PM
NB: Part of this meeting could be the subject of audio visual recording

John Barradell
Town Clerk and Chief Executive

AGENDA

Part 1 - Public Agenda

1. **APOLOGIES FOR ABSENCE**

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

3. **MINUTES**
   To agree the public minutes of the meeting held on 4 May 2017.

   For Decision
   (Pages 1 - 2)

4. **EDO QUARTERLY UPDATE**
   Report of the Director of Economic Development.

   For Information
   (Pages 3 - 40)

5. **ECONOMIC DEVELOPMENT OFFICE BUSINESS PLAN 2017-18**
   Report of the Director of Economic Development.

   For Decision
   (Pages 41 - 56)

6. **REGIONAL STRATEGY**
   Report of the Director of Economic Development.

   For Decision
   (Pages 57 - 60)

7. **PARTY CONFERENCES**
   Report of the Director of Communications.

   For Decision
   (Pages 61 - 62)

8. **MEDIA UPDATE**
   Report of the Director of Communications.

   For Information
   (Pages 63 - 64)

9. **STANDALONE WEBSITE POLICY**
   Report of the Director of Communications.

   For Decision
   (Pages 65 - 68)

10. **SPORT ENGAGEMENT OPPORTUNITIES**
    Report of the Town Clerk.

    For Decision
    (Pages 69 - 74)

11. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

12. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

13. **EXCLUSION OF THE PUBLIC**

    MOTION - That under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

Part 2 - Non-Public Agenda

14. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

15. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE SUB COMMITTEE AGREES SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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PUBLIC RELATIONS AND ECONOMIC DEVELOPMENT SUB (POLICY & RESOURCES) COMMITTEE

Thursday, 4 May 2017

Minutes of the meeting of the Public Relations and Economic Development Sub (Policy & Resources) Committee held at the Guildhall EC2 at 3.10pm

Present

Members:

Deputy Catherine McGuinness (Chairman)	Jeremy Mayhew
Simon Duckworth (Vice-Chair)	The Lord Mountevans
Alderman Sir Michael Bear	Deputy Tom Sleigh
Deputy Keith Bottomley	Alderman Sir David Wootton

In Attendance:
Edward Lord

Officers:

John Barradell	-	Town Clerk and Chief Executive
Simon Murrells	-	Assistant Town Clerk
Damian Nussbaum	-	Director of Economic Development
Bob Roberts	-	Director of Communications
Giles French	-	Assistant Director of Economic Development
Alistair MacLellan	-	Town Clerk's Department
Nigel Lefton	-	Remembrancer's Office

1. **APOLOGIES**
   Apologies were received from Mark Boleat and Hugh Morris.

2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
   There were no declarations.

3. **TERMS OF REFERENCE**
   The Sub Committee's terms of reference were received.

4. **MINUTES**
   The minutes of the meeting held on 16 February 2017 were approved.

5. **APPOINTMENT OF CO-OPTED MEMBERS**
   The Town Clerk was heard regarding the co-option of four members on to the Sub Committee from among Members of the Court of Common Council, noting that eight expressions of interest had been received. A further two Members were added to the ballot paper at the request of Members of the Sub Committee.

A ballot was conducted, after which Anne Fairweather, Edward Lord and Andy Mayer were declared co-opted on to the Sub Committee.

A further ballot was conducted between joint-fourth candidates, after which James Tumbridge was declared co-opted to the Sub Committee.

6. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**

Terms of Reference

In response to a suggestion from a Member regarding an expansion in Sub Committee membership, it was agreed that this be considered later in the year as part of the usual annual review of terms of reference.

7. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was no other business.

The meeting closed at 3.27 pm

Chairman

Contact Officer: Alistair MacLellan / alistair.maclellan@cityoflondon.gov.uk

Committee(s)	Dated:
Policy & Resources Committee Public Relations & Economic Development Sub-Committee	8 June 2017 8 June 2017
Subject: Quarterly Activity Update March – May 2017	**Public**
Report of: Director of Economic Development	**For Information**
Report author: Giles French	

Summary

The following report provides Members with highlights of key activity undertaken by the Economic Development Office between March and May 2017.

Recommendation

Members of the Policy and Resources Committee and the Public Relations and Economic Development Sub Committee are asked to note the update.

Main Report

Regulatory Affairs

The Regulatory Affairs team, through the International Regulatory Strategy Group (IRSG) regulatory coherence workstream, produced and distributed a report: *Mutual Recognition – a basis for market access after Brexit* in April. The Policy Chairman promoted the report to policy makers in Brussels, alongside the Chair of the IRSG (Mark Hoban). The document has also been deployed by our Special Representative for Europe during his visits. The report recommends how the UK and EU-27 can ensure reciprocal market access post Brexit and develops a model for market access, based on the comparability of regulatory and supervisory regimes. It reviews options for access criteria, the mechanisms for maintaining regulatory alignment, and how possible disputes between the UK and EU in relation to access could be resolved. Across IRSG workstreams, the team has achieved strong engagement with HM Government (HMG) on wider Brexit implications to help inform the Brexit negotiations.

1. Work is currently underway to discuss what could be included in the financial services chapter of a bespoke Free Trade Agreement between the UK and the EU27. This work will be shared with HMG and an event is being organised

in Brussels towards the end of June, where this work will be launched to European policy makers.

2. The team has also produced comprehensive research into the international regulatory landscape which has been well-received by the business community. Work under the Financial Services Ireland–City of London dialogue has progressed with plans to publish a paper on the implications of Brexit on the UK and Ireland very shortly. The team is also building the City Corporation's offer on governance and standards as a key pillar of the new Policy Chairman's agenda.

3. The team prepared and executed a four day visit to Washington DC for the Policy Chairman and Deputy Policy Chairman. The programme included high-level meetings in the political, business and think tank spheres. The UK business community delivered positive feedback on the intelligence gathered, particularly the likelihood of continued US involvement with international financial and related professional services (FRPS) agencies (eg Basel, FSB etc).

4. The Regulatory Affairs team is exploring options for working in partnership with HMG and Commonwealth organisations to develop a comprehensive programme ahead of the Commonwealth Summit in 2018. This project would place the City Corporation at the centre of the initiative and be designed to further City objectives in core policy areas. A separate paper will be submitted to the Policy & Resources Committee on this initiative.

Special Representative to the EU and Special Adviser for Asia

5. The Special Representative to the EU, Jeremy Browne, has continued his extensive programme of engagement with EU institutions and Member States, visiting Switzerland, Estonia, Latvia, the Czech Republic, Lithuania, Poland, Sweden, Finland, Italy and Austria, in the last three months. By meeting with policy makers, regulators and business groups, the Special Representative has obtained insight into the latest thinking in key Member States on the Brexit negotiations, ensured they understand the UK perspective, and fed back to policy-makers in the UK.

6. The Special Adviser for Asia has made multiple visits to her three primary markets (China and Hong Kong, India and Singapore), including Beijing, Shanghai, Shenzhen, Hong Kong, New Delhi, Mumbai, and Singapore. This included supporting the Policy Chairman in Hong Kong/Shenzhen and the Lord Mayor in Hong Kong/Beijing/Shanghai. She has identified the key strategic areas for each of her markets (c/f Asia Strategy). She has played a role both in the India Economic and Financial Dialogue (the key discussion forum between the UK and India) by including the Corporation in the Joint Statement, and chairing the panel with Minister Mark Garnier. In China, she participated in the Belt and Road Forum in Beijing alongside Charles Bowman and engaged with regulators and Peoples's Bank of China. She has been appointed co-Chair of the Greening the Belt and Road workstream under the GFI with a Chinese co-Chair. She has also been working to stabilise and

build up the team in the international offices, where both the head in Shanghai and Beijing have recently left, and the office licence legal process has changed. The strategy for the year is attached.

Financial Services and Related Professional Services (FRPS) Policy & Innovation

7. The Green Finance Summit, organised and hosted by the City Corporation at Guildhall, is taking place on 31 May/1 June. The Summit is our flagship event for showcasing global innovation and delivering key industry messages regarding the funding and implementation of the Paris Agreement, and is focused on infrastructure financing and corporate engagement. Approximately 500 delegates are due to attend. The Summit will inform the development of the GFI's second report, *Twenty-first century infrastructure: constructing an asset class*. This will focus on developed market needs, definitions, pipelines, project standardisation and possible infrastructure investment policy incentives or regulatory reforms. The report is being authored by HSBC Asset Management and will be published in September. The Summit will reinforce London's position as the leading centre for Green Finance products and thought leadership.

8. In March, we hosted a week-long green finance study tour from the People's Bank of China (PBoC), including presentations from BlackRock, Legal & General, HM Treasury, PwC and Bloomberg. The visit was intended to enhance UK-China green financial collaboration, and included a high-level welcome dinner with the PBoC's Chief Economist Ma Jun and culminated in Sir Roger Gifford, Chairman of the Green Finance Initiative, and Ma Jun agreeing to co-chair the UK-China Green Finance Task Force. The workstreams will focus on five key areas of market impediment and/or development: greening the Belt and Road initiative; greening loans; analysing the impact of environmental considerations on funding costs; enhancing cross-border green capital flows; and developing best practice in relation to institutional investors' analysis of environmental risk.

9. On Fintech, the Corporation hosted the Innovate Finance Global Summit – IFGS2017. Almost 2,000 delegates – investors, innovators and regulators – attended over the two days. The City Corporation was the host sponsor for the event here at Guildhall, which was opened by the Policy Chairman. Ian Dyson, Commissioner of the City of London Police, led a panel on cyber tech and Sir Alan Yarrow in his role as host (LMLT) of the Innovate Finance Speakers' Dinner at Mansion House, spoke of the importance of innovation and technology for trade, post Brexit.

10. The Network Action Group (NAG), jointly run by the City Corporation and Innovate Finance, is a cross-body policy steering group for FinTech, whose membership brings together representatives from HM Treasury (HMT), Fincanial Conduct Authority (FCA), the Bank of England (BoE), and key trade associations such as BBA, CBI. During the IFGS2017 the NAG, chaired by

William Russell, held its first meeting of the Capital Raising Working Group, which will deliver recommendations of policy changes for the Autumn Budget to help FinTech's raise investment. Proposals could include how to unlock the vast pools of money currently held in pension funds. This discussion marks our key policy objective for Q3 ahead of budget submissions and HM Government's (HMG) own Patient Capital Review, and we are seeking potential partners to deliver this work in both the venture capital and scale-up community.

11. Work has been undertaken on how to establish the City Corporation as a visible delivery partner for supporting the economic growth of cyber tech solutions and cyber resilient businesses in the UK. We have met with key interlocutors in government to discuss our developing cyber strategy in innovation, broader moves to tie in activity from across the City Corporation and the City of London Police. In addition, the Lord Mayor will host a skills seminar, with support from HMG, with the industry.

12. We are also seeking to utilise the Chemistry Club City networking events (the Policy Chairman has spoken at one of the events, and the City Corporation is the sponsor) to support broadening our engagement with businesses and other key stakeholders in the cyber space. With businesses, we are also seeking to develop a signposting product that will allow them to use their apprenticeship levy payments to access cyber apprentices; and to create a brokerage service that brings together financial services users to improve and develop cyber resilience.

Global Exports & Investment

13. The team has been working closely with Mansion House to re-design our approach to the Lord Mayor's overseas programme, including developing a stronger offer from the City Corporation for our target markets, such as hosting events or inward missions to London, and providing account management of key investors from those markets. Engagement and support has been secured from four key Government departments (FCO, DIT, HMT and DFID) for this new approach, and subject to agreement at the Mayoral Visits Advisory Committee (MVAC), we will contact British Embassies and High Commissions to secure visits in 2018.

14. We have worked with partners (Department for Trade and London and Partners) to identify and agree key target business accounts for the global exports and investment team, across the financial and related professional services sector (e.g. insurance, asset management, banking, FinTech, cyber). This is to provide a more comprehensive offer to London based firms. An audit of existing engagement with key accounts has been completed and the engagement programme commenced in May. We have also undertaken data analysis, as well as consulting with business and government, to inform prioritisation of international markets. This will focus the team's efforts on key overseas countries and underpin a new approach to the Lord Mayor's overseas programme over the next 3 years.

15. We have agreed a new strategic partnership and Memorandum of Understanding with London and Partners, the Mayor of London's inward investment agency, to ensure we can work together effectively to deliver on new inward investment opportunities and land new FRPS businesses in London working closely with our City Property Advisory Team (CPAT).
16. Finally, on current activity, the team has delivered Lord Mayor overseas trade promotion missions to Turkey, Northern Africa (Morocco, Tunisia, Algeria), Columbia and Mexico. Follow up investment conferences are being organised for Turkey, Tunisia and Algeria and the team delivered an investment conference to promote Nepal in March. Working with the Asia team, the team supported the launch of the Shanghai Clearing House Rep office in London in March. Work and meetings continued to push forward the plans for the China Foreign Exchange Trading System office launch in London.

Responsible Business and Supporting London

17. Against a backdrop of the new apprenticeship levy, and the introduction of new apprenticeships standards, 18 March saw the launch of the Institute for Apprenticeships (IFA) at Mansion House, sponsored by the City Corporation. The primary responsibility of the IFA will be to act as decision maker on approving apprenticeship standards and assessment plans to ensure they are of high quality. Robert Halfon, Minister for Skills and Apprenticeships addressed the event. FRPS employers experience higher than average skills gaps and skills shortages, and our key message is that apprenticeships must develop the right skills for the continued competitiveness and success across the UK.

18. The Lord Mayor's Dragon Awards, which reward businesses that display excellence in their approach to community engagement, celebrate their thirtieth anniversary in 2017. This year saw a 20% increase in applications, from a wider range of firms than ever before. The shortlist will be announced on 22 May and winners will be revealed at the awards dinner on 26 September. To celebrate the anniversary, a Regional Impact Award was introduced to recognise London headquartered businesses that are strengthening regional communities.

19. To drive business engagement in increasing social mobility, the City Corporation is sponsoring the Social Mobility Employer Index. This is a new initiative from the Social Mobility Foundation and Social Mobility Commission. It ranks Britain's top businesses on how open they are to accessing, recruiting and progressing talent from all backgrounds. The Index, which will be published in the Times, is an important benchmarking tool primarily targeted at sectors which are keen to improve their approach to social mobility. The Policy Chairman will be speaking at the launch.

20. As part of the review process that has been underway in EDO's Responsible Business and Supporting London team, we have increased our ambition and strengthened our focus on outcomes. This will mean winding down some existing activity where need has diministhed or our resources can be more effective in other areas. We are planning, for instance, to wind down the City

Action programme, our volunteering brokerage service, and pass on residual clients to London’s extensive volunteer brokerage provision. This did not exist when City Action first opened its doors 20 years ago, and is a testament to the programme’s effectivenss. Meanwhile, we can focus on the broader responsible business space (outlined in the EDO Strategy), which goes beyond employee volunteering. This is an excellent example of the Corporation’s ability to spot and bridge a gap in provision, and to then pass on the baton when others can provide the service and we can add even more value elsewhere.

Research

21. Informing discussions, and providing suggestions for how to address the challenges facing the UK as it renegotiates its trade relationships post-Brexit, the background paper *Post Brexit trade: barriers and potential arrangements* provides an understanding of the potential issues around trade and trade barriers. The report identifies three types of issue that will have an important impact on the UK’s ability to address the challenge of establishing a new trading regime for the UK, namely: the interdependencies in trade negotiations; the need to define and prioritise the goals for trade negotiations, and the way in which different trade arrangement with the EU will influence the barriers to trade. This fed into the London APPG meeting on Brexit and the impact on London’s financial services on 25 April.

22. Building on the Power of Diversity programme, a new report, *Unleashing the Power of Diversity,* co-sponsored with the Chartered Institute of Management Accounting provides recommendations as to the most successful diversity and inclusion strategies for City firms, and examines some of the challenges firms are facing in implementing these. This builds on a series of events and discussions with City firms, working with the Lord Mayor’s Appeal Team, and Cass and Ashridge Business Schools, to develop recommendations to improve the effectiveness of implementation.

23. The team have concluded a major review of the research programme, looking in depth at the approach, prioritisation and processes in one strand, and at audience reach and engagement in the other, working with consultancy firms Arup and Longitude respectively and informed by interviews and discussions with Members and Officers across the City Corporation. The team now have a Playbook, which sets out how projects will be run going forward, drawing on key recommendations from the review to adopt a more campaign-oriented approach to commissioning and publishing research, and a set of recommendations for a new approach around design format and presentation.

Recommendation

25. Members are asked to note the content of the report.

Appendices

- Annex 1: Special Representative for the City to the EU's visits reports
- Annex 2: Special Adviser for Asia visits reports
- Annex 3: Asia Team Strategy

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Annex 1

SPECIAL REPRESENTATIVE FOR THE CITY TO THE EU, JEREMY BROWNE

SWITZERLAND

7th-8th March 2017

This was a strikingly different visit: to the most significant economy, and the financial services powerhouse, outside the EU but in Europe. Switzerland's investment in Britain's financial services sector exceeds that of the BRICs - Brazil, Russia, India and China (and sometimes South Africa) - put together.

There is a compatibility of outlook. Curiously for a land-locked country, they share some of Britain's island mentality. They also have significant overlap with Britain in their national economic strengths: financial services, pharmaceuticals, technology and science, education. It is not hard to see the basis for an enhanced post-Brexit UK-Switzerland trade agreement, unencumbered by the need to accommodate the lowest common denominator requirements of dozens of different national interests.

This will be sensitive though. Beyond the direct commercial benefits, the British government will be keen to demonstrate that the negative process of extracting Britain from the EU is not the only show in town, and that exciting new opportunities can present themselves too. It is one thing though trying to strike a deal with New Zealand, another thing dealing with a country that shares a border (and a culture) with Germany, France and Italy. That is not a reason to be blind to the potential for enhanced UK-Switzerland relations; it is a reason to have our eyes open to how that could be perceived by others in Europe.

The Swiss are quite negative about the EU. It is a big fact of life for them, but they can feel dominated and manhandled. They are engaged in a difficult and highly familiar debate about the trade-off between access to other European markets and asserting more control over immigration. Switzerland is both a super-internationalised and super-localised country; there is an obvious tension. They complain that the EU throws its weight around, but also about its institutional inertia (contrasting it with the well-organised efficiency of Switzerland). If anything, they add, the EU has got harder to deal with, as it has become more insecure and defensive. Switzerland is a fiercely independent and sovereignty-minded country.

So the Swiss see opportunities in Brexit. Suddenly they will be joined by a much bigger non-EU kid in the European playground. They are excited about 'Global Britain' as a concept and what it could mean for them. They strongly feel that there is the scope for enhanced UK-Swiss relations when these do not have to be routed through Brussels. They comment unfavourably not just about the EU's one-size-fits-all mentality and bureaucratic slowness, but also about its default protectionism. They see opportunities for acting together with Britain on the global stage: the concept of an 'F4' was floated with me: some form of greater collaboration between the financial centres in London, Hong Kong, Singapore and Switzerland.

But they are nervous too about Brexit. The endlessly repeated phrase is 'Mind the Gap': their strong nervousness about a potential British 'cliff-edge' departure, and their wider anxiety about the possibility of inadequate transitional arrangements and overall business uncertainty. They accept that it is highly likely that they will have to move activity related directly to the single market out of London, but they want to move as little as possible, and retain London as the primary European centre. The Swiss feel comfortable with how London operates, and share the familiar checklists about the limitations of various alternative financial centres within the EU27.

The Swiss also, as an interesting flip-side to their enthusiasm for enhanced bilateral UK-Switzerland relations, are worried about the loss of British influence in Brussels. They fear that the EU without Britain will become more inward-looking and less free-market. As the EU will remain as their overwhelmingly dominant trading partner, that has potentially alarming implications for them.

There is considerable interest, from the distinctive Swiss perspective, of how financial services regulation in Europe (and London) will work post-Brexit. The Commission, I was told, is technically competent and good to deal with on that level, but the politics of any agreements are harder. Britain would not want to be left at the mercy of the Commission's discretion. The Swiss preference is for global standards, locally implemented, but this relies on a degree of technical and political trust. There is concern about a 'prudential gap' forming as EU-Swiss agreements need to be modified into UK-Swiss agreements for their dealings with Britain after Brexit. But they are alive to potential opportunities too: as there will be a need to revise existing arrangements, and Britain will be less bound by equivalence (even if it remains broadly equivalent), there should be some scope for positive and innovative deviation. This is all significantly dependent on London remaining an open, global centre, and Britain remaining an active and economically liberal voice in international forums, both of which are very important for Switzerland.

For anyone who has, after 23 June, acquired an aversion to referenda, be grateful that you do not live in Switzerland: I was told that over half of all referendums that have been held worldwide (presumably since the advent of modern democracy) have been held in Switzerland. I am currently combining on-going visits to the full-range of member states - Romania, Bulgaria, Estonia and Latvia in the next fortnight - with time closer to the institutions at the heart of the EU. I have been told that a decent Brexit outcome will be "negotiated in Brussels; won in capitals": we will see, but as Article 50 is triggered the City of London should aim to try and cover as many bases as possible.

ESTONIA AND LATVIA
20-23rd March 2017

There is plenty to admire in Estonia and Latvia. They both extol the virtues of free-markets, balanced budgets and entrepreneurialism. They are a pragmatic, level-headed presence in the EU. They take their security and NATO membership seriously, and there is widespread appreciation voiced for Britain's enhanced contribution to their defence.

Even so, Estonia, which holds the Presidency of the EU in the second half of 2017, will feel the need to be an honest broker on behalf of the EU27. In so much as they are able to shape the Brexit process, they will be even-handed arbiters rather than covert supporters of Britain. Or, as their parliamentarians put it to me, "limited friends for six months". They can though be reasonably relied upon to have a positive frame of mind; seeking solutions, not just accentuating problems.

It is worth remembering that security against the Russians is the overwhelming priority for Estonia and Latvia. They want a strong EU as a bulwark against Russian aggression. It is emphatically not in their strategic interest to have an EU27 structurally weakened by Brexit and vulnerable to further departures. The disintegration of the EU would be a disaster for them. But, at the same time, they also want a strong UK as a bulwark against Russian aggression. They value Britain's big defence budget and willingness to spend it on meaningful military end product, combined with Britain's leadership in NATO and close relationship with America. It is important for them to avoid unnecessary acrimony between the EU27 and the UK.

The issue for Britain is not whether Estonia and Latvia are instinctively supportive; they are like-minded on pretty much everything. The problem is their limited administrative capacity and their lack of assertiveness. It is in the City of London's interest to have the EU27 in harmony with our agenda: free-market, free-trading, outward-looking, self-confident, avoiding statism and protectionism. That will help during the Brexit negotiations and afterwards, when the success of the EU27 will be of benefit to the City of London and Britain generally. The countries with the greatest zeal for a liberal and open agenda are generally small and have looked to Britain for leadership. We should hope that they become more self-confidently assertive within the EU27.

Apart from security, the other big topic, particularly in Estonia, is technology. They are both start-up countries with the mentality to foster a start-up enterprise culture. Estonia is particularly innovative: e-medical records, e-citizenship for non-nationals, tentatively introducing artificial intelligence to file personal tax returns without any need for accountants. Their partnership relationship with London is readily understood. "Estonia is a country, not a market", I was told: with so few domestic consumers, they are outward-looking by necessity as well as by natural disposition. They have embraced capitalism as a rejection of their Soviet past. Estonians were proud to tell me that, unlike most other Eastern European countries, instead of having to liberalise their economy to join the EU they had to de-liberalise it. Much of the political debate across Europe can feel world-weary and defensive; Estonia and Latvia are small, but they are refreshingly optimistic and bracingly forward-looking.

Meanwhile, a broader perspective on the City of London has been emerging in my discussions, this week in Estonia and Latvia, but also over recent months in other meetings across the EU, and during the Brexit Bill's passage through Parliament and the debate that is being held in Britain about the next few years.

It is widely believed that the City of London has the essential attributes to be successful in the future; it needs to not lose sight of them. Britain's political debate risks being too backward looking: the NHS pledge on the bus, George Osborne's 'Emergency Budget'..... that was in the past. Success for the City of London is not turning back the clock to 23 June 2016. We did not reach the evolutionary end point of financial services on that day. The goal, so the argument goes, is not to aim to freeze those arrangement indefinitely, measuring our success by how little changes.

Instead success constitutes creating the conditions necessary for London to be the indispensable financial centre a decade from now, well after this whole Brexit process is completed. We should not be defensively focused on maintaining 2016, we should be thinking about having the most dynamic, entrepreneurial 'eco-system' in 2026. Every day jobs are created and jobs are lost in a rolling Darwinian process. In every modern economy the solution to losing some of the jobs of the past is to create more of the jobs of the future. It does not always come down to a choice between the two, and we should not be complacent about any activity leaving London, but the way that businesses have made money over the last 20 years is not a reliable guide to how they may make money over the next 20 years. A decade ago people had barely heard of 'FinTech'; now 45,000 people in London work in the sector.

Imagine we did have another Brexit referendum in 2018 or 2019 and the result was reversed: 52-48 to be in the EU. Could we then pretend the whole saga had never happened? Could we return to the world of the morning of 23 June 2016? No. The gini cannot be forced back into the bottle; the tightly packed suitcase never accommodates everything at the end of the holiday. For better or worse, we have entered a new era. It is always good to devote energy to succeeding in the new era rather than lamenting the passing of the old one. That is not a guide to the practical decisions that need to be made, but it is a suggestion for the mindset that should inform them.

The approach the EU takes towards the City of London is clearly important, but the vitality of London is not a gift of Brussels. In my many conversations, a constant theme is respect for London's creativity and adaptability. There are many admirers of the City of London across Europe who forecast a difficult and frustrating Brexit negotiating process but who are, never-the-less, bullishly confident about our future prospects.

CZECH REPUBLIC

12-13th April 2017

The mood across the EU towards Brexit has softened since the initial shock after the referendum result. I do not want to overstate this shift because Britain's departure still causes sadness, resentment and anger, but it is discernible.

The initial fear was that a wave of 'populism' would wash away the established European political order and imperil the EU itself. Politicians talked endlessly about avoiding "contagion" in a way that is much rarer now. There are multiple reasons for this calmer atmosphere. The Dutch political elite were shaken but the fortress held; if Le Pen wins that would be an existential threat to the EU, but the received wisdom is that she will not, and Macron represents everything with which the EU governing class feel a natural affinity (although if an improbable Le Pen-Melenchon run-off materialises that will cause a meltdown). Theresa May's orderly approach has helped to facilitate an operational mindset. Most of all, though, time is a great healer and politicians realise that Britain, in ways which they find both infuriating and endearing, has its own distinctive outlook. Maybe, many believe, a new accommodation could be made to work in the interests of everyone.

But it would be wise not to assume anything. The immediate task is to negotiate the terms of the separation. Contentious issues like the size of the exit fee and the status of EU (and UK) nationals will cause angst for the negotiators. It should, though, be possible to achieve a result which leaves some committed combatants on both sides unhappy but which is satisfactory to the majority.

There is also scope for achieving some consensus on the final deal. Many politicians across Europe, when asked where they think EU-UK relations will be a decade from now, are cautiously optimistic. There is a determination to ensure that being outside the EU does not come with all the advantages of being inside the EU. But there is some recognition too that Britain is an exceptional case, bigger and different from Switzerland and Norway, and that a bespoke deal will need to be crafted and struck. That does not mean it will be easy. The EU will give priority to trade in goods and the City of London will need to ensure that the British government does not sign up to too much without assurances on services. Even so, where there is a will there is a way, and after endless twists and turns and prophecies of disaster, the long term relationship can be made to work, even if in some respects it will inevitably be inferior to the previous arrangements. There was interest in the Czech Republic, as there will be across the EU, in the IRSG's report on mutual recognition, and it is productive for the City to continue to put forward constructive solutions.

But what is then left is what seems most difficult: how to straddle the gap between Britain leaving the EU in March 2019 and the eventual adoption of the final deal. This is the transition. The implementation phase. Avoiding the cliff edge.

While there is a willingness to shape a bespoke deal for the final EU-UK relationship, there is no obvious appetite for a separate bespoke deal to bridge this interim phase. Many in the EU believe that the existing framework of rules will suffice during this period. That, of course, is extremely difficult for the British government. After Britain has left the EU in 2019 it is a hard sell to say that the country should continue to be subject to the rulings of the EU. That model would cast Britain as a 'rule taker': the EU would frame the terms of trade and any disputes between the EU and the UK would fall under the arbitration of a referee employed exclusively by the bigger team. And even these problems presuppose some progress. At the moment, when Britain leaves, we have no bridge to step on to, no knowledge of how long the bridge will be assuming it eventually exists, and no certainty either of where it goes to.

That is why, in addition to 'market access' (a comprehensive final deal) and 'access to talent', the City is right to focus so much attention on the transition. The best outcome is that the maximum progress is made on the final deal by March 2019. That will allow for the bridge to be as short as possible and for much greater clarity about what exists at the other end of the bridge. There will then need to be agreements on phasing the implementation to reduce business (and political) uncertainty. An added complication is that throughout this process there may frequently be a divergence between the political calculus and the business calculus.

Still, starting the formal negotiations in the coming weeks will be helpful: getting into a rhythm of practical decision-making should change the nature and tone of the discourse, and allow practical considerations of mutual interest to come to the fore. There will inevitably still be stand-offs and grandstanding speeches, but if the grinding wheels of the negotiations continue to turn then progress will be made.

Meanwhile, the Czech Republic remains aligned with many British instincts. Suspicious of EU federalism, it stays outside the Eurozone, with no obvious inclination to join. The favourite to become the next Czech Prime Minister later this year is an avowed single currency sceptic. The Czechs default too to liberal economic solutions. Yet they also benefit from remaining tonally mainstream in the EU, rejecting the provocations and theatrics of their V4 partners Hungary and Poland.

This is all welcome, but as always with sympathetic small-to-medium sized EU countries, its value should not be overstated. They are not quick to assert themselves or take risks to challenge the EU orthodoxy. When France, claiming to represent the overall EU interest but in reality pursing the narrow French national interest, flexes its muscles within the EU27, should we expect others with a differing perspective to speak up? We will see.

A significant disadvantage that Britain faces in the negotiations is to be outnumbered 1:27. But the 1:27 ratio has advantages too. The often stated determination of the EU27 to maintain collective positions reveals some nervousness about the multiplicity of differing and competing interests on their side of the negotiating table. Even the division of Brexit spoils is a source of potential contention. It is every city/country for itself when it comes to luring jobs away from London. Prague would also like to be the next home of the EBA, but it seems hard to believe that the bloc within the bloc - the Eurozone19 - would permit that outcome.

There remains, in the Czech Republic and elsewhere, a recognition of the scale of the City of London, and acknowledgement that inflicting excessive harm on London would have negative consequences for the EU27 as well as for Britain. The City is making (and should continue to develop) thoughtful cases for what the long-term, permanent EU27-UK deal on financial services could look like. The Brexit specialists in the Czech government and elsewhere have an appetite for this type of detailed material. As well as being a constructive search for policy solutions, it also demonstrates London's continued intellectual leadership on financial services. Bringing our collective minds to designing interim solutions is also essential. Everybody is feeling their way through unexplored territory: providing some maps is a useful way to encourage progress in broadly the right direction. But we should not lose sight of the politics. Workable technical solutions will be essential but not sufficient: they will sit redundant on the sidelines if the political will does not exist to utilise them.

LITHUANIA AND POLAND
18-20th April 2017

OVERVIEW

Assuming attitudes in Poland and Lithuania are replicated around the EU, Theresa May's dramatically announced General Election is a source of much less excitement across the continent than it is in London. That is hardly surprising, partly because it is Britain's election and not theirs, but mainly because the outcome seems unlikely to change the fundamentals. Barring the most extraordinary upset, on 9 June Theresa May will still be Prime Minister, the Conservatives will still be in government with an overall parliamentary majority, and Britain will still be leaving the EU.

But that does not mean that the General Election is irrelevant, and once the more immediate and unpredictable French presidential contest is resolved, interest may well increase if the campaign in Britain proves to be more revealing than anticipated.

No seven week campaign can ever be entirely predictable; it will not be a perfectly smooth procession. Theresa May has a real opportunity to win a mandate for her brand of politics. That means radical policies should emerge that depart from the previous orthodoxies: possibly on tax, on public spending commitments, on immigration. The reputation of some senior politicians will be enhanced and that of others diminished. Ministers will be drawn further down policy paths than they may have intended. A reshuffle in June would alter the complexion of the cabinet.

A fresh mandate will allow the Conservatives to govern without further troubling the electorate until 2022. That allows for an 'implementation phase' of two years, or even three, from March 2019, without an extremely inconvenient May 2020 General Election in the middle. And might we expect some serious articulation of what the 'Global Britain' vision means in practice? On labour mobility, transport infrastructure, universities, science, and the overall alignment of government. The combination of Brexit and a more emboldened Prime Minister has the scope to be transformational and the election, despite the outcome appearing to be close to a foregone conclusion, need not be as "boring" as some may believe.

Poland remains a broadly good partner for Britain; possibly the most instinctive ally in the rest of the EU 'big six'. Comfortably the biggest EU27 country outside the Eurozone, and the de facto leader of the 'V4' grouping, it is a proper player within the EU. Whether it is always an astute and wise player is another matter. Poland's stand-alone refusal to support the reappointment of Donald Tusk, for example, felt ill-judged rather than principled.

Poland is also very narrowly focused on what it regards as its national priorities in the Brexit debate. That means a myopic obsession with the size of Britain's exit fee and the future status of Polish nationals in Britain. These are, of course, entirely legitimate interests, but there is a wider agenda too which feels under-emphasised. Poland is sceptical about EU integrationism and protectionism. In both of these areas they will be more exposed once Britain leaves the EU. Poland needs to think how it can intelligently shape the post-Brexit direction of the EU: there is a bigger picture than just being alert to opportunities for more free money. I occasionally hear opinion formers in Eastern Europe lament the flow of wealth transfers into their economies, saying that they have distorted decision-making and allowed politicians to avoid making necessary but unpopular structural reforms, but that is very much a minority view. There will, though, need to be some adventurous new thinking across the Eastern European countries: even without Brexit the transfer funds are scheduled to dry up in the next few years.

There is limited emotional attachment in Poland and Lithuania to the City of London. Our well-being is not seen as being a strategic interest. Instead, not surprisingly but slightly depressingly, the focus is again more limited. The question they ask themselves is not 'how can Europe retain and enhance its global status in financial services provision?' but 'how can our country attract some (probably back-office) jobs from London?'. Fine, but not visionary.

I worry sometimes that the EU seems so preoccupied by a grimly transactional negotiation with Britain rather than something more bold and imaginative. Of course the terms of Brexit need to be agreed, but it would be better if everyone's sights could also be raised. How can Europe best be globally relevant and competitive in this century? How can our continent have the most dynamic economy, the best equipped defence and security services and be a beacon for education, science and innovation? How can the EU27 partner most intelligently with Britain to achieve these objectives? I know Britain made the decision to leave, but even so, it all feels rather insular and counting-the-pennies (or billions of euros). Maybe that is inevitable - and the EU approach towards Brexit has at least become more business-like - but it does not make the spirits soar.

FINLAND AND SWEDEN
(2nd- 4th May 2017)

OVERVIEW

Here is the conundrum with the Scandinavian countries: their instincts are overwhelmingly good; their willingness to apply them - to assert themselves; to put themselves centre stage - is frustratingly limited. They are so often (unnecessarily) cautious and withdrawn.

This matters because if Sweden and Finland were leading the Brexit negotiations for the EU27 we would be much more likely to have a successful outcome. And not just a successful outcome for Britain; a successful outcome for the EU too. Outward-looking, liberal instincts would prevail. There would be much less of the brittleness masquerading as strength. The desire to achieve mutual benefits would prevail over any urge to inflict punishment.

Realistically the best we can hope for is that Sweden and Finland meaningfully participate. Their herbivorous nature prevents them from grabbing the steering wheel. Finland, in particular, possesses a dry, laconic fatalism. "The bad news about our summers", I was told in Helsinki, "is that they are very cold. The good news is that they are also very short".

As a consequence, despite seeing the EU's limitations, they still deflect to its orthodoxies. What emerges from Brussels is a fact of life. It can occasionally be questioned but not truly challenged. It is unclear what the material difference would be in the EU27's Brexit position if it had been formed entirely at the behest of Germany and France with the other twenty-five marginalised.

So Sweden and Finland talk about avoiding a protectionist EU. About their reservations about EU federalism (particularly in Sweden). About why the failure of TTIP is to be regretted and will compromise the ability of the West to set global standards. About free markets and free trade. Even, in one striking conversation, about concerns that EU trade culture places excessive emphasis on values-based imperialism rather than maximising trade opportunities. But always the default to EU "solidarity"; following the rules. I was told at one event in Sweden that the best realistic outcome for Britain would be to "accept the Norway model": that is not going to happen.

So we now have the EU Commission floating a Brexit exit fee of €100 billion as a prerequisite for merely starting negotiations that they have decreed in advance "cannot be a success". It is true, of course, that they have to create a narrative of negativity around Brexit while the British government has the opposite task. Even so, it is not necessary to be an admirer of Theresa May to see this as oddly cack-handed, especially given that the formal response by the EU to the invocation of Article 50 was more deft. Some brinkmanship is inevitable, but it requires good judgement about where the brink is. The inability of Brussels to comprehend British politics, or read the British character at the most elementary level, is bewildering;

reckless even. It is true that the British often suffer from similar failings, but the relevant consideration with Brexit is the interaction between the EU and Britain. If Croatia was leaving we would all have to brush up on the psyche of the Croatians, but they are not.

It still seems most likely that the negotiations will ultimately succeed, or at least not wholly fail. But it would be a mistake, I think, to be too worldly wise and assume that the current positioning is all posturing. Prudent businesses would be sensible to plan for two main scenarios: departure on the terms broadly outlined by Theresa May (most notably leaving the single market) and departure with no terms at all. The latter would be a monumental failure, demonstrating to global observers the continent of Europe's lack of seriousness. Critics of Theresa May would paint this outcome as her failure, but the maladroit handling of the Commission would also come under the spotlight. In Sweden I was told that the inability to deliver an outcome would reflect badly on the Commission, which has been trusted to lead on the negotiations, including by member states which have the strongest desire to see a functioning and broadly harmonious future relationship with Britain.

Theresa May's likelihood of a significantly increased parliamentary majority can play both ways. It is true that it gives her greater numerical protection from those in her ranks who are most hardline towards the EU. That may be useful if, for example, she feels during the transition phase that it is necessary to compromise Britain's sovereignty by conceding some oversight by the EU, as a necessary interim position to reach a better final outcome. The credit she has established with her own party would also be helpful in this scenario. On the other hand, the Prime Minister's greatly enhanced personal authority would make it more feasible for her to walk away if she believed that the EU was being impossibly intransigent. Her domestic political opponents will discover on 8 June whether their alternatives to Theresa May's version of Brexit command widespread popular support.

I hope the Prime Minister, when time is available, can also attend the Northern Future Forum: an alliance of Norway, Denmark, Sweden, Finland, Iceland, Estonia, Latvia and Lithuania. David Cameron's association with this grouping was hugely appreciated. It matters to Britain how the EU27 evolves after Brexit, and these countries (those in the EU) will make it a better organisation if they are emboldened to adopt a forward stance. At the same time Britain must develop other associations, in Europe and around the world, and few, if any, will be friendlier and more like-minded than this one.

Meanwhile, in my conversations in Sweden and Finland and elsewhere, the demands of the City are constantly relayed and our perspective sought. On the limitations of equivalence. On the potential for mutual recognition. On the need for "access to talent" to feed our 'ecosystem'. On the desirability of predictability and stability. On the smoothness of the transitions. On the sheer scale of London, and why the alternative, for the foreseeable future, to it being Europe's global financial centre is Europe not having a global financial centre. Our expertise; our vitality; our indispensability. All of these are discussed, constantly, and faithfully recorded in the record of the meetings below. Whatever happens all will not be lost, but without the political will to reach a satisfactory negotiated outcome, this risks all becoming somewhat secondary.....

ITALY (ROME) AND AUSTRIA

(17th-19th May 2017)

OVERVIEW

Italians retain a sentimental affinity for Britain. More conciliatory than the French or Germans, they believe Brexit must necessitate pain but feel some unease about the process and its consequences. Nor are they entirely reflex in their adherence to 'ClubMed' stereotypes: they value Britain's promotion of free markets and budget discipline, as a corrective to some EU default instincts and, perhaps, as an implied rebuke to some of their own impulses too. Italy is not always well run but it remains at heart an entrepreneurial trading nation.

There is some interest in the British General Election. Most EU audiences are reconciled to Brexit now, but Italians remain curious and confused as to why the British seem to be so unambiguously reconciled too. There is interest in the phenomenon of the 're-leaver': the sizeable segment of the British population that voted 'Remain' but believes the outcome of the referendum should be delivered in good faith. Theresa May's dominant domestic position on Brexit, and her distinctly European instincts on markets and the role of the state, are noted in the context of the negotiations. There is considerable appetite now for getting the show on the road once the British election has happened, and some belief that beginning detailed negotiations could enable everyone to move on productively from the mildly unedifying pre-fight 'trash talk'.

At the heart of everything sits the same recurring dilemma for both the British and the EU27. The British must decide between a sovereignty-inspired freedom to diverge from the EU27 rule book and the pragmatic business benefits of maintaining some alignment. The EU27 must choose between also leaning towards business-friendly pragmatism or a conscious pursuit of non-cooperation to demonstrate to the potentially faint hearted that "Brexit cannot be a success". The interesting political territory is the grey area in the middle and the willingness and ability of both sides to enter it.

Euro clearing is a case in point. Nobody disputes that the system currently works in practice, but the EU27 (or, more specifically, the Eurozone) has a supervisory and quasi-nationalistic desire to prevent business continuing as usual in London post-Brexit. There is a technical dimension to their position, but they are also affronted by the idea of London remaining brazenly unaffected. The London perspective tends to be coldly pragmatic: 'if it ain't broke, don't fix it'. The EU27 will counter that it is broken, not in operational terms, but because it is not acceptable to them for the fate of their currency to be in the hands of a 'third country'. London counters, accurately, that fragmenting this activity will drive up risk, increase costs and probably divert some activity to New York, to the detriment of the economic self-interest of the EU27. These are the circular conversations I have, endlessly. The most fertile grey area for the politicians to explore is whether they are willing to substantially retain Euro clearing in London but with meaningful supervisory input by the EU27. That would require the EU27 to make a concession to pragmatism and the British to make a concession on sovereignty. It is not ideal for either side but it may represent the best solution. It is impossible to divorce the politics from the practicalities: these trade-offs will keep unavoidably appearing throughout the negotiations.

The EU has become less paranoid about post-Brexit contagion, but it remains deeply uncertain about its future. All around are existential threats: uncontrolled immigration, terrorism and security, low growth and debt, Eurozone instability, an ageing population, the rise of China, the posturing of Trump.... and Brexit. The best future for London is 'Global Britain': an unambiguous attachment to free markets, free trade and free thinking. It is by no means certain that this will be the outcome, with immigration and tax policies being crucial indicators. Likewise, the best future for the EU27 is 'Global Europe', but the temptation is to follow instead the path of protectionism and insularity. It is comforting to believe that the world revolves around Brussels but it does not feel that way in Beijing. So throughout the Brexit negotiations it would be best if both sides looked outwards and forward. The choice is often framed during my conversations as being between protecting and enhancing the single market or sealing a mutually-beneficial deal between the EU27 and Britain, with the former being a greater priority for the EU. I am not sure that our continent, needing to remain competitive and relevant, can afford to choose: the two objectives are not as irreconcilable as some believe and we need both.

Milan, meanwhile, remains interested in jobs relocating from London, as do very many other cities across Europe.

Austria, bordering Italy but culturally so different, is hard to categorise. It sits in no neat group: not a founding Treaty of Rome country, nor part of either the Southern or Eastern European wave of joiners. It remains outside NATO, even though its former Soviet Bloc neighbours are now members, yet retains military service. Its business-like competence is attractive to British sensibilities, yet Austria is non-aligned with Britain in its leaning towards both EU integrationism and protectionism. They are leading exponents of a FTT. Hostility towards TTIP is part of a deep culturally conservative desire to protect the purity of its Alpine life. Uneasy, as the Germans often are, about the spirit of 'Anglo-Saxon' capitalism, Vienna never-the-less is a regional centre for banking services, reaching into bordering countries to the east, and hosts some World Bank activities. It would like to host the EBA too, but so would every city.

Austria's government has a 'Brexit team' which includes its central bank. But it feels, justifiably, much less exposed to potential Brexit fallout than many other EU countries. By far and away its biggest trading partner is Germany; the next biggest is a massive gap before a list of the rest. Britain is not irrelevant, but no country except Germany is of existential relevance.

Austria would probably like post-Brexit Britain to keep close regulatory connections with the EU; that is generally the preference I encounter. The issue, though, as always, is what sovereignty Britain may have to dilute to stay aligned with the European family, and, in exchange, how willing the EU27 may be to allow Britain to participate in family discussions. Most central banks and finance ministries are open to pragmatic solutions, but not very flexible in their willingness to accommodate outsiders, which is what Britain will become. The Austrians wonder whether Trump may force Britain's hand: if the Americans go in one direction, and the Europeans respond by consciously going in the opposite direction, could Britain feasibly stand alone or would it be forced to make a big choice?

There is excitable speculation across the EU over the future location of the EBA; relocating agencies is a tangible Brexit dividend. It has been said that the Germans might support Vienna, but that trail seems to have gone cold, and the Austrians appear more confident about bidding for the Medicines Agency (which every city also wants, and some speculate that Paris might get as a consolation for failing to land the EBA). The word now is that the EBA could end up in Frankfurt, where it may or may not eventually be merged with EIOPA. There are mixed opinions across the EU27 about the desirability of Frankfurt as the winning location. Some see the merit in concentrating activity in Frankfurt, and there is a federalist appeal too in building a pan-EU hub (the sort of idea that would normally excite the French, but this is all unwelcome news for Paris). Others have some concern, expressed *sotto voce*, about even greater German domination being the outcome from Brexit. Theoretically the EBA could even go to an EU27 country outside the Eurozone, but it seems highly unlikely: the opposite impulse - to circle the wagons around the core - is dominant.

As we wait for the Brexit negotiations to begin, people across the EU27 are pleased with their unity. Their mood is fairly bullish. Some uncommon alliances have emerged: the net recipients and the net contributors, for example, both agree that there is a better option than making any changes to their budget or increasing financial discipline: get the British to pay an inordinate amount of money instead. Their collective ability to read the British public or political instinct remains pretty poor, but I am not sure that most in the EU27, if they acknowledge this shortfall, think that it matters. On the face of it, their minds are clear: the EU is the imperial power and holds all of the cards. This is the context behind the demand for €100 billion from British taxpayers and the anti-May briefings. To suggest that less bombast may lead to a superior outcome is to risk being cast as delusional. I suspect some quieter voices across Europe may have concerns that the EU27 seems neither to have a Plan B nor to believe that their dominance will require them to ever need one. But they also think the British government is even more inflexible and unrealistic. This shadow boxing is almost over, and it was Mike Tyson, appropriately, who said "everyone has a plan, until they get punched in the mouth". We will see soon enough how well the plans on both sides stand up to rigorous examination.

Annex 2

CITY OF LONDON SPECIAL ADVISER FOR ASIA, SHERRY MADERA

View from Hong Kong
Feb 14-17, 2017

Executive Summary

Hong Kong is experiencing an identity crisis. The city that has prided itself first on independent capitalism at the heart of Asia under British rule, then on being a gateway to China after the handover to China in 1997 is now, 20 years on, unsure of its next steps. It has become an important financial centre with an international stock market, robust foreign exchange market and a bond and derivative marketplace that supports modern financial management requirements for multinational companies and regional businesses alike. However with China's influence growing and uncertainty increasing regarding Hong Kong's status as preeminent financial centre in China's One Country Two Systems, the city is unfocused.

With more than 630 UK companies having a presence in Hong Kong and holding the 15th largest market for UK exports, it is no surprise that news on Brexit is of great interest. However, largely, Hong Kong sees itself as a net-winner in the aftermath of Brexit for financial services.

Hot topics outside March's domestic elections and global politics include Hong Kong Stock Exchange connections, FinTech and Belt and Road Financing.

Further Detailed Notes:

Identity crisis meets "mainlandification"

Hong Kong's journey from unique Asian financial hub to a future within China is forcing an uncomfortable look in the mirror for its Financial Services industry. Add to this the imminent elections for a leader to succeed C Y Leung set for March 26th, and the uncertainty becomes a very strong backdrop with little in the way of bold foreground. China's influence and Hong Kong's ebbing identity is exemplified by the elections. In essence it is a two horse race – one horse clearly backed by Beijing and the other the popular choice. It is a very interesting time for testing the extent of the independence offered by China's plans to let Hong Kong retain its system after the British handover. Currently Hong Kong offers rule of law, low taxation, talent attraction through its liberal social policies, negligible barriers to entry for trade and investment. Those in Hong Kong are worried these tenets of their economy are slowly and invisibly changing. Next stop just another Chinese city with a financial centre? It is easy to see why "mainlandification" is a hot topic…albeit often discussed in a hushed tone for fear of who may be listening on the next table.

Brexit

News on Brexit is in demand. Hong Kong is the UK's 15th largest trade partner the majority of which is services. Currently 630 British firms have a base in Hong Kong (of which 130 are designated Asian HQ's) and much of the activity is in financial and professional services. The market wants to know where we will end up on our access to Europe – what will the deal look like – particularly for Financial and Professional services firms? Already being a global financial centre, Hong Kong can be a net gainer from Brexit should firms consider shifting resource out of London. This is particularly true for trading, foreign exchange and fund management. We would do well to lift our eyes further east when debating who amongst Frankfurt, Dublin, Paris or Luxembourg will be a rival for London's talent. If volumes are the hallmark of a winning financial centre we ignore Hong Kong at our peril particularly as the world pivots to the East geopolitically. Even more importantly as our journey through Brexit imminently commences, London should prioritise deals with Hong Kong that can help it through its identity crisis in a way that compliments not conflicts with London's position.

Financial Connects to the Mainland

The Heng Seng Index remains bullish reaching over 24000 (highest levels since summer 2015). Markets are becoming ever more linked to the Chinese mainland. The Hong Kong/Shanghai Stock Connect is attracting higher daily volumes both northbound and southbound, and the Shenzhen/Hong Kong Stock Connect launched in early December is live (albeit with minimal traffic). Hong Kong enjoys a mutual recognition of funds (MRF) regime with mainland China allowing funds to be sold cross border. Hong Kong remains number 1 for offshore RMB pooling, however, with the bearish sentiments for RMB valuation this pool is eroding.

In terms of bold strategies Hong Kong has robustly supported China's Belt and Road initiative and has staked a claim to being the Belt and Road global financing centre. The market is less enthusiastic than the leadership. Much of Belt and Road financing will come in the form of bonds and while Hong Kong has a large bond market, its depth and breadth pale in comparison to Asian rival, Singapore. However, as ties to China continue to build (there are rumours of a bond connect with HKEx and China's CFETS), the City of London must not be complacent where our aspirations as a Belt and Road Financing hub are concerned.

Green is not the new black

Notably in Hong Kong the topic of Green Finance is almost wholly lacking buy-in. While London is a clear leader in Green Finance both in policy development and practical product, Hong Kong is sceptical at best and scathing at worst. The refrain I heard from market participants at all levels was "show me the money". Green finance (for the moment a proxy for green bonds), is seen as more expensive and lacking in investor demand. It is possible the green agenda will gain traction with investor interest in expanding their Green portfolios to equities and funds (Hong Kong's stronger suit). Best not to hold your breath. This gives London a clear head start and leadership position. As infrastructure finance continues to develop via the

Belt and Road initiative and beyond, sustainability will play an important role and London's advantage could be an ace up our sleeve.

FinTech

Hong Kong prides itself on being a FinTech hub. Hong Kong Monetary Authority (HKMA) are robustly supportive and robustly cautious. There is indeed a lot of talk about FinTech in the city. Talk. And advisory. And did I mention the talk? Hong Kong is again finding its space in this market between China's runaway FinTech market and Singapore's MAS regulate-to-stifle environment. Links to London would be useful for Hong Kong and it wouldn't surprise anyone if a FinTech bridge was imminently announced.

View from China
Feb 20-25, 2017

Executive Summary

As China publically downgrades its GDP growth forecasts to 6.5%, the country is continuing to prioritise stability. Primarily this is due to distraction in the lead up to the 19th Party Congress in October of this year where there will be a shuffle at the Chinese top table. As the political manoeuvring continues, radical reform, restructuring or opening up is unlikely. RMB internationalisation is firmly on the backburner and capital outflows are under house arrest. The Chinese currency's valuation has recently stabilised, but this is less to do with market forces and more attributable to Chinese government intervention. Inbound flows on the other hand are being courted via many routes including the recently opened interbank bond market and the Panda bond market.

Financial innovations are being embraced and tracked closely by regulators. FinTech and Green Finance are both big business in China and an area the UK is a close partner. Other innovations are moving slowly – including the London-Shanghai Stock Connect which is continuing its feasibility study which hopefully addresses both technical details and investor education.

Post Brexit Britain remains a financial services partner of choice for China, but caution is being exercised. We have China's very long term time horizons in our corner, but could use this time wisely to add to our appeal by supporting China's priorities including financing for Xi's Belt & Road initiative and global Green Finance leadership.

Further Detailed Notes:

Chinese Musical Chairs

President Xi's first 5 year term as Party leader will conclude at October's 19th Party Congress and his next 5 year term will begin. Between now and then the country will be distracted by the jostling of domestic players to get in position for the seats on the politburo and standing committee when the music stops. The result of this is a strong focus on stability and radical changes, reforms or regulatory surprises are unlikely. Of course, Xi is also China's President and this governmental term renews in March 2018, however, the results of October's congress will clearly define the governmental landscape to come.

In the meantime, structural and economic reforms at all levels are glacially slow. Key positions have already been shifted in advance of October as evidenced by Beijing, Shanghai and Tianjin mayors all being new to the job. This visit was a first opportunity to connect to these important city mayors who uniformly supported freer trade particularly in services with the UK. The devil will as always be in the detail.

Annoying Brexit

I have been reliably informed there are more Chinese banks in London than any other city in the world save Shanghai. Therefore it is no wonder that the implications of Brexit are of great interest to Chinese stakeholders. China has made a strategic and strong investment in London and, unlike other major inward investors in the City, this reflects both a commercial and political interest. China's largest 5 banks are state-owned (SOEs) which require a green light from the government to invest abroad. Above and beyond banks, many of the largest financial institutions in China are SOEs and have made commitments via offices and investment in London. The Chinese do not want to see these investments lose real or strategic value.

However, we are not the only country on China's European dance card. All of China's banks have branches and subsidiaries elsewhere in Europe. This allows them to be relatively sanguine about Brexit and worries about access are in general not critical (notable exception in Asset Management sector where clear Brexit guidance is being actively requested). China thinks long term. They are committed to London and strongly believe its position as the largest offshore RMB hub outside of Asia is secure. The uncertainty our vote to leave the EU has created is unwelcome, annoying and baffling in equal measures. But China's commitment to the City remains unwavering. For now.

RMB Internationalisation is dead. Long live RMB Internationalisation.

You could argue Brexit gives China a useful excuse for the slowing of the RMB Internationalisation agenda in London. The fact is the RMB is falling and the market is full of bears that predict further depreciation. In 2012 simply holding RMB denominated products guaranteed a >10% return. Now that trend is reversed.

As is oft the case, China has defaulted to regulatory tightening in order to maintain control. Capital outflow restrictions put into place in December of last year are taking hold. Some outbound deals in areas of core business are still moving forward, but dreams of football teams, hotels and landmark properties are being put asunder. In more pointed terms, QDII and QDLP schemes for outbound investment have dried up. Industry and government pundits agree that this will likely continue for some time.

Trade use of RMB is declining as well. Ascending to 5th place in the global trade currency ranking in 2015, the RMB has now slipped to 6th place. Notable, but in reality RMB being held by corporate treasurers in this way is still tiny. The real investors are playing in RMB products such as bonds and ETFs. Derivatives and commodities priced in RMB are still thin on the ground.

On the other hand, RMB inflows are "open for business". China's interbank bond market flung open its quota-free doors for foreign investors in the world's 3rd largest bond market in April of last year. China is looking beyond RQFII and QFII to attract the world's investors. That uptake is growing – particularly in the area of accessing F/X pairs products and medium term government backed bonds. With PBoC offering rates of 4.35% compared to Bank of England's 0.25%, the sting of RMB depreciation can be somewhat tempered.

How have the Shanghai-HK and Shenzhen-HK Connect escaped controls?

Since the Shenzhen-HK Stock Connect opened on December 5th, China has 2 live stock market connections. Both programmes work under a quota system both northbound and southbound and have similar structure and attributes while the underlying stocks on the two mainland exchanges are very different. Shenzhen is China's Nasdaq while Shanghai is its NYSE. The launch of Shenzhen broadens foreign investor's options and exposure to Chinese growth stories, but volumes are predictably low and it is early days.

Importantly, there is no risk of capital outflows in these existing connects. They run on a closed loop system that allows exposure and participation before any capital and profits (or minus losses) are returned to the country of origin. A leak-free system.

London and Shanghai are also discussing a "Connect". It will be a very different format to the existing Connects – it has to be with a massive 8 hour time difference leaving little opening hour overlap between the centres. However, some say the technical, regulatory, clearing and logistical challenges pale in comparison to the practical. Who is going to use a London-Shanghai Connect? We know from watching the HK vanguard programmes that Chinese investors are like investors worldwide. They invest in what they know. The stocks with most southbound volume mid 2016 were Beijing Jingcheng Machinery Electric and Dalian Port. Not Burberry and HSBC. Investor education and demand building will be an important factor in any London Shanghai connect.

Pandas Eating Dim Sum

As offshore RMB wanes, China hopes its onshore RMB attracts investors. Promotion of offshore RMB denominated bonds (Dim Sum bonds) is being replaced with talk of onshore RMB bonds by foreign issuers (Panda bonds). However, this market has its challenges. Foreign issuers are met with a series of hurdles to issuance including differences in accounting standards and an opaque approval process and timeline. Issuers also need to come to terms with raising capital in a market that currently traps those funds in mainland China.

Nonetheless, British banks are ready to step forward and bring foreign issuers to market. If the 8th UK China EFD promises come good, they can do so as full primary underwriters. A win for all parties.

Redrawing the Belt & Road map

President Xi's Belt & Road Initiative is not news. Its ambitious plans were unveiled in September 2013. What is news is Xi's geopolitical gathering set for May to gather the leaders of countries along the Belt & Road to Beijing for the first official pow wow on the topic. This is illustrative of China's growing role as convenor and world leader. It is also a reminder of the powerful drivers in China to solve its domestic oversupply issue, create stronger trade links with countries near and far, and build security through soft power.

London does not feature on Xi's Belt & Road map specifically (although I have seen a version that ended in Manchester – during the heady days of Northern Powerhouse pitches). However, London can play a critical role in Belt & Road success. Massive infrastructure projects require deep pools of patient capital looking to match long dated liabilities with long dated returns. London is a mecca for this sort of investor so it is a natural fit to become a (the?) hub for Belt & Road financing. The UK's early support of the AIIB still garners appreciation, and our involvement in supporting Xi's primary development strategy could do the same. The challenge as always is to make infrastructure investment efficient. London leading on a Belt & Road asset class definition could be the thin end of the wedge to establish London as the world's go-to primary and secondary markets for infrastructure assets.

Green Finance

China is already the world's largest green bond market. Through the joint work during last year's G20 Green Finance workstream, the UK has become China's partner of choice in defining, growing and monitoring the green finance industry. A staggering 20% of investments in China need to be "green" for China to meet its national objectives on climate issues including the dreadful pollution plaguing many Chinese cities. In the face of this home grown plague, China has embraced green finance as a tool to clean up its act. All the time stability remains China's top priority, Green Finance also helps to quell social unrest through mitigating growing tensions from the public regarding negative impacts on health.

China's appetite for green bonds sees no sign of abating but there is certainly work to be done to ensure alignment of China's definition of green with emerging global standards. It is a logical next step for China to embrace other forms of finance going green – asset management products, equities, indexes. Indeed "Greening" the Belt & Road surely is a welcome union of two of China's priorities.

China is the world leader in FinTech

The UK is the world leader in FinTech. So is China. These statements are both true. Where China leads the world on the consumer end of the FinTech value chain and in mobile payments and micro investing, the UK leads in mature financial market innovations such as Regtech and Insurtech and use of blockchain. There is a lot of excitement about collaboration in FinTech between the UK and China, but there is also a lot of information asymmetry. We're talking different languages in many cases. China's FinTech scene is dominated by tech giants – Alibaba Group, Tencent, Baidu, JD, Lufax. FinTech in China has volumes our FinTech scene in the UK would die for (for example, 200M WeChat wallet users growing rapidly towards WeChat's 818M monthly active user base). UK FinTech has deep experience in cross border flows China can only guess at. There is work needed to create a bridge to find ways to trade, invest and localise.

Lo and behold a FinTech bridge was born. In November the UK and China announced a FinTech bridge to provide a platform for collaboration. A bridge is only as good as the traffic on it. Currently regulators collaboration potentially leading to a

Chinese regulatory “sandbox” is providing early traffic. What will hopefully follow is business footfall.

View from India
Series of Visits Feb/April

Executive Summary

As China publically downgrades its GDP growth forecasts to 6.5%, the country is continuing to prioritise stability. Primarily this is due to distraction in the lead up to the 19th Party Congress in October of this year where there will be a shuffle at the Chinese top table. As the political manoeuvring continues, radical reform, restructuring or opening up is unlikely. RMB internationalisation is firmly on the backburner and capital outflows are under house arrest. The Chinese currency's valuation has recently stabilised, but this is less to do with market forces and more attributable to Chinese government intervention. Inbound flows on the other hand are being courted via many routes including the recently opened interbank bond market and the Panda bond market.

Financial innovations are being embraced and tracked closely by regulators. FinTech and Green Finance are both big business in China and an area the UK is a close partner. Other innovations are moving slowly – including the London-Shanghai Stock Connect which is continuing its feasibility study which hopefully addresses both technical details and investor education.

Post Brexit Britain remains a financial services partner of choice for China, but caution is being exercised. We have China's very long term time horizons in our corner, but could use this time wisely to add to our appeal by supporting China's priorities including financing for Xi's Belt & Road initiative and global Green Finance leadership.

Further Detailed Notes:

7 More Years?

After Modi's BJP landslide win in Uttar Pradesh on March 11th, many sources are heralding 7 years of continued politics led by Modi. This would mean success in the 2019 elections and a second term for a leader who is putting the economic reform as a central pillar to his platform. This is good news for business which would embrace stability and certainty on the macro trends for India's economy. Modi has led his party to be the first in 3 decades to secure a majority – and the win in UP has been seen as nothing short of a unprecedented renewal of mandate midway through his first term.

There is talk of shifting to a time of execution and a trend to opening up and looking out. This may be wishful thinking but some evidence suggests some early steps in this direction. The efforts by the province Tamil Nadu in London to explore infrastructure funding has not gone unnoticed.

However, this is a rapidly evolving India. It would be unwise to predict what will happen a full 2 years from now in politics which have not had a robust history of predictability (arguably in a world recently also missing a political crystal ball).

Political stability and economic agenda would go a long way to harnessing India's domestic GDP growth to become a stronger player on the world stage. India pipped China to the GDP growth post earlier this year announcing 7.6% growth versus China's 6.9% (vs 2015).

The Unprecedented Case of Demonetisation

Overseeing a riot-free transition of 80% of a country's currency to new notes (and even new sized notes!) affecting 1.3Bn people domestically is nothing short of miraculous. Of course there were stories of queues and chaos for a few days when payments were impossible. More colourful stories about 5 star hotel luxury shops flooded with cash buyers loading up on designer handbags and jewellery were also forthcoming. Indeed 6 months on from the November 8th surprise announcement of all 500 Rupee and 1000 Rupee banknotes being invalidated by midnight, the impacts on the economy are still being reviewed. Remarkable.

Modi's rationale for the move on day one differed from his message on day 7 after the announcement. Initial rationale squarely centred on rooting out black money and corrupt fat cats turned swiftly when returns of banknotes significantly surpassed expected volumes (in the end 97% returned). The narrative turned to digitising the economy, bringing the unbanked into the modern world, and FinTech.

Some significant byproducts of demonetisation to watch going forward are indeed the new visibility of deposits in the banking system that can support India's plans for FinTech. Furthermore, demonetisation pulls much of the economy particularly in rural areas out of the shadows allowing taxation to be implemented more effectively. Finally, the fact that more cash was returned than expected means no windfall for the government – and no bag of cash to spend on government programmes.

Financial Inclusion Driving FinTech

India's been the world's technology backoffice for decades. It seems now in the world of FinTech it is taking bold steps to be an innovator themselves. There are some usual narratives about emerging economies leapfrogging mature markets, but rarely is government so involved in turning that narrative into reality.

Aadhaar is a 12 digit unique-identity number issued to all Indian residents based on their biometric and demographic data. The data is collected by the Unique Identification Authority of India (UIDAI), a statutory authority established on 12 July 2016 by the Government of India. It is already the world's largest biometric ID system with over 1.13Bn members enrolled as of end of March 2017. On top of this the government department has developed a technology stack that is open to developers to create applications and usage for this sophisticated system.

This is not a pet project of India's tech sector – Minister of Finance Jaitley has been preaching his support for this initiative at home and abroad. His visit to London in March championed this discussion and along with him was a delegation from India's FinTech and Telecoms sector. This was reciprocated during the UK India Economic and Financial Dialogue held in early April led by UK Chancellor Hammond. UK's

FinTech leaders descended on Mumbai to talk collaboration with a market tantalisingly a billion users strong.

You can't talk about India without talking about NPAs

India's Non Performing Asset problem is creating a banking log-jam. Current estimates suggest 8% of India's GDP is in stressed assets. In most countries this would constitute a banking crisis, but with a banking sector so strongly backed by the public sector, India has been able to avoid this through an extend and pretend strategy. Change is coming in the form of the new bankruptcy law which allows the real possibility of transferring these assets to companies that can engineer change.

It is important to not focus completely on the rear view mirror when considering India's banking sector. Currently 80% of NPAs are in power, infrastructure, textiles and metals sectors. This explains the current power oversupply situation in India to some extent (thankfully being alleviated slowly by improved infrastructure to distribute power across the country). However the question of where banks should prioritise lending going forward is an important consideration to ensure the NPA situation is not exacerbated.

There is no easy solution. Private banks are in a much better place than public banks. Discussions regarding the creation of a "bad bank" continues. Foreign ownership of ARC's (asset reconstruction companies) is welcome. Lets hope foreign investors do not inherit a very complicated problem.

What is higher than gold standard?

It is a question Indian investors seem to be asking when making investments. Anything less than AAA rating is deemed as junk bonds. And with government bond yields hovering just below 7% who would blame them? However, this causes knock on effects for an underdeveloped corporate bond market and money flowing to infrastructure projects the country needs to grow.

UK and India have agreed at April's EFD meeting to invest $120M each in an NIIF sub-fund focussed on renewable energy. Certainly a good way to kickstart investment in important infrastructure development and one to watch in terms of if private sector involvement falls in behind. However, the issue does not seem to be finding money for bankable infrastructure projects. Too often the painful process of bureaucratic delays in approving projects is compounded by endless struggles to secure land rights. Fix this and there is money onshore and offshore to build what India needs.

Masala Bonds and Rupee Internationalisation

London is home to 80% of the world's Masala bonds – rupee denominated bonds listed offshore. HDFC issued in March the world's largest Masala bond and was two times oversubscribed. Not only is this good for London and issuers like HDFC, it is good for the bigger picture of the internationalisation of the Rupee.

India's central bank, RBI, has long been wary of discussing or even admitting the existence of offshore Rupee transactions. This year's UK India EFD made a significant breakthrough that both countries supported the City of London's plans to create a Rupee Internationalisation Initiative to build on the excellent work of the India UK Financial Partnership (IUKFP). Through experience in other emerging currencies, London's #1 status in foreign exchange, and the roadmap of the IUKFP, the aim is to work closely with India to develop the offshore Rupee market.

An important collaborator and competitor in the efforts to internationalise the Rupee is Singapore. Also home to Masala bond issuance and a robust NDF market in Rupees, Singapore can also be a centre to develop this emerging currency. The first step is to encourage pooling of offshore Rupee to drive demand for innovative financial products to meet the need of investors seeking exposure to the Indian market. That first step, and the next and so on will likely be slow. But working together with India will ensure London can both teach and learn.

Asia Team

Overview

The Asia team will work alongside the Global Export and Investment, Policy and Innovation and Regulatory Affairs teams in promoting the UK's value proposition to attract and retain investment to the UK and facilitate exports as well as supporting the wider EDO Strategic Objectives.

London has always been a global financial centre. London boasts more variety of international financial institutions and investors than any other centre including New York, Hong Kong, Singapore and Dubai. London is the world's #1 F/X market, 3rd largest insurance market, 2nd to the US in Asset Management and is home to the world's most international stock market. In order to maintain this advantage, the City Corporation must engage important global markets to attract financial institutions to come to London and to transact business through London.

Asia is important to this goal. Asia accounts for most of the world's GDP growth. China is on track to achieve 7% annual GDP growth, and India is exhibiting the same growth rate, albeit from a lower base. China is already the world's 3rd largest economy. These two Asian giants will significantly shape the world in important areas of finance, currency, infrastructure and trade. It is important for London to work with them now to secure relationships that ensure they view London as their #1 partner in the west for financial and professional services. The City Corporation is uniquely placed to champion this.

Asia already has important financial centres in the region. Hong Kong has traditionally been the gateway to Asia and has a strong equities-led market. However since the handover to China, Hong Kong's international growth and independence have been challenged. This is an opportunity for London to find ways to collaborate instead of compete. As a global financial centre competitor, Singapore is gaining in importance. It has a strong fixed income and F/X market and an aggressive business strategy to attract international business through grants, rebates and preferential tax treatments. It is important for London to monitor Singapore's competitive plans and to find bridges to connect and collaborate.

The Asia team's goal is to secure London's future as the most global financial centre by building opportunities for trade and investment with Asia, leading on Asia policy and regulatory thinking to facilitate market access, and to create platforms for Asia-focused business growth in London – particularly through currency activities, infrastructure financing, FinTech, Green Finance and Insurance.

Industry Context

Overall the world is experiencing a low growth environment and anti-free trade sentiments. London is in the midst of grappling with Brexit. In this context it is even more important to create a bridge between London and Asia to discuss finance and services connections. However Asia is a big place and is certainly not uniform in its opportunities and challenges. We have targeted the following three geographies to focus on in the first 6-12 months for reasons stated above:

- Greater China (including Hong Kong and Taiwan)
- India
- Singapore

There are some global trends we are looking to harness:

1. **FinTech -** London is a global leader in FinTech, but so too are areas of Asia that have a significantly more popular uptake of FinTech than the UK. India's financial inclusion agenda fits well with London's offering. China's FinTech landscape is very advanced and opportunities for trade are limited. Singapore is an aggressive competitor. Already the UK has FinTech bridges set up by HMT with China, Singapore, Korea and is looking at a similar structure for India and Hong Kong.

2. **Belt and Road Initiative -** President Xi's Belt and Road Initiative (BRI) is a significant policy push to build out infrastructure along the ancient silk roads and maritime trading routes. It touches 65

countries, 64% of the world's population and 29% of the world's GDP. Financing of BRI is an opportunity for London.

3. **Green Finance -** Through the link between GFI and GFC the City Corporation has strong ties to China's booming green finance movement. Standards and commercial links are important harmonizing next steps. Green is less developed in both India and Singapore although early signs are of Singapore offering rebates for green bond listings – a sign of its growing interest in this space.

4. **Insurance/Reinsurance-** Asia is shockingly underinsured (particularly China which is only 3% insured versus Europe's 35% and USA's 120% penetration). There is an opportunity to lobby for market access for both insurance and reinsurance in the region and attract companies to the Lloyds market in London.

5. **Cyber -** Cyber crime issues build hand in hand with FinTech. Singapore is particularly interested in building capability as is Hong Kong. Indian think tanks are also addressing the issue early as they roll out FinTech solutions and drive to a digital financial market. It is not a topic in mainland China.

6. **Corporate Treasury -** A driver of London's global status is being home to corporate treasury operations taking advantage of London's global talent pool, F/X markets and product diversity. We have some excellent case studies we can exploit and do a competitive study versus Singapore and elsewhere to attract new businesses to London.

Strategic Objectives

The Asia team's goal is to create a bridge between UK and Asian markets to maintain London's status as global financial centre.

This can be achieved through:

1. Supporting outbound trade opportunities via market access policy
2. Attracting inward investment from Asia
3. Building volumes in key financial areas by attracting flows from Asia (ie: F/X, AUM, reinsurance contracts, bond listings)
4. Creating future platforms for financial innovation in London (ie: BRI asset class development)

More specifically via our detailed business plan which must be worked in cooperation with other EDO areas such as Global Trade & Investment, Policy & Innovation and Regulatory Affairs:

<u>China</u>:

1. Internationalisation of the RMB
    - Maintain London's status as 2nd largest offshore hub & Grow RMB Usage to 2020 through relaunching of RMB Initiative 2.0
2. Green Finance
    - Grow UK Participation in China Green Bond Market and China's participation in the UK Green Bond Market and expand Green asset class in both countries through engagement and commercial support
3. Belt & Road Initiative Financing
    - Increase UK stakeholder participation in the initiative including working towards a longer term green BRI asset class in London extending to global primary and secondary market for infrastructure as an asset class in London. Through engagement with Greening the Belt and Road, F/X and Currency implications, and China Onshore BRI bond definitions with NAFMII and ICMA.

<u>India</u>:

1. FinTech
    - Support UK India collaboration via regulatory/policy discussion and trade and investment opportunities via working with Innovate Finance to create an "India Fastrack" concept in payments, insurtech, blockchain and cyber

2. Rupee Internationalisation
    - Launch Rupee Internationalisation Initiative as supported by the UK India EFD 2017 in London and Mumbai with RBI, SEBI, HMT as observers. Convene industry to produce recommendations and data.
3. Insurance/Reinsurance
    - Deeper engagement with India regulators and implement policy discusisons based on IUKFP paper from 2015 and Lloyds paper of 2017.

<u>Singapore</u>:

1. Cyber
    - Increase cross border policy convergence and trade & investment via input and participation in the UK Singapore EFD and FinTech conferences in concert with Innovate Finance
2. Corporate Treasury
    - Create a corporate treasury location offering for Asia firms going global that is clear about the comparison to Singapore's offer.
3. Collaboration plans
    - Develop a closer city to city relationship with Singapore in working on Financial & Professional services topics relating to 3rd countries including China and India

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Committee(s)	Dated:
Public Relations & Economic Development Sub-Committee	8 June 2017
Subject: EDO Business Plan 2017-18	**Public**
Report of: Director of Economic Development	**For Decision**
Report author: Giles French	

Summary

Over the last year, the Economic Development Office has built on the Fraser Review and work carried out through external reviews of the ways in which the Corporation should contribute to and support the wider responsible business agenda in preparing its business strategy as part of the Corporation's wider work. The vision is to create growth and inclusion for the City, London and the country so that the UK continues as the world's leading financial centre. This depends on cross Corporation working and strategic partnerships with government and business.

Recommendation

Members are asked to approve the report.

Main Report

Background

1. A review was completed at the end of 2015 by Sir Simon Fraser, former Permanent Under-Secretary at the Foreign and Commonwealth Office, into the effectiveness of the City Corporation's work to support and promote the UK-based financial and professional services industry. The review included over fifty interviews with senior figures in the industry, in government and in the regulatory authorities. Its key conclusions were that the City Corporation's work was important, but required a clearer vision for the Corporation's role, a stronger strategic plan, and more effective strategic partnerships.

2. Following the approval in July 2016 by Members of the Policy and Resources Committee, a new team structure has been implemented in the Economic Development Office (EDO) and an uplift in resources provided. This has led to the creation of three teams whose work is dedicated to the support and promotion of UK-based financial and professional services: Policy & Innovation, Regulatory Affairs and Global Exports & Investment.

3. The autumn of 2016 saw an intensive period of recruitment to appoint new members of the team to provide enhanced capacity and capabilities to deliver a more ambitious work programme. The final structural change was the appointment of a newly created position of Special Adviser for Asia. This position, based on the successful model pioneered by the Special Representative to the

EU, will give additional senior capabilities and insight to promote increased exports and investment between the UK and China, India and Singapore. This process was completed in early 2017.

4. The Autumn of 2016 also saw a period in which we reassessed our work in relation to the responsible business / supporting London (RBSL) agenda. A review was carried out to inform our RBSL strategy for 2017-2020 which is now complete. It has identified four key priorities which support a thriving City. The objective is to bring economic, employment, business ecosystem and social inclusion benefits that flow out to all Londoners. It is based on the premise that when Londoners are skilled and able to access the City's employment opportunities the City secures the talent that it needs to underpin its future competitiveness. Developing a flourishing SME network provides a robust support system for the cluster's high value businesses. Cultivating trust in City business, by putting genuinely positive practice and social inclusion at the heart of financial and related professional services (FRPS) and enabling the City to be seen as a truly positive social force, reduces tensions between the public and the industry, to make London a more attractive social and political, as well as business, environment. The RBSL team has been reorganised to support the work in these key areas.

5. Alongside the implementation of the new structures, a lot of work has been done to develop EDO's strategic objectives and business plan for the year ahead. This work has been produced in partnership with Accenture, who have provided pro bono support during the business planning process for 2017-18 to help us prepare a business strategy that we can publish. The following document sets out EDO's strategic objectives and business plan as well as identifying the strategic objectives for each of the teams within EDO, an executive summary of their work programme for 2017-18 and the industry context in which they are operating. This includes the RBSL and Research teams whose work ensures that that EDO can provide an integrated offering on FRPS underpinned by our expertise in these areas.

6. The EDO now has four core strategic objectives, where we are well placed to add value in helping the City address fundamental challenges.
    - Competitive economy: to sustain and enhance the UK's competitive regulatory and economic environment and enable access to global markets.
    - Responsible business: to support business to adopt responsible and inclusive business practices and ensure the City continues to thrive.
    - Innovation hub: to ensure that London is home to a more innovative ecosystem for Financial and related professional services than its competitors.
    - Global ambition: to promote the UK's value proposition to attract and retain investment to the UK and facilitate exports.

7. Finally, substantial progress has been made to review and enhance our strategic partnerships with key organisations. In January 2017, the Policy & Resources Committee approved a revised membership agreement with TheCityUK, which reduced the overall membership fee, but provided enhanced member benefits. Separately, the Global Exports and Investment team has negotiated a

partnership agreement with London & Partners that will improve the account management of financial and professional services firms investing into London.

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Appendices:

1. **EDO Top Level Business Plan** – summarises the top line objectives and plans of EDO.

2. **EDO Business Strategy** – communicates EDO's five year strategy and Strategic Objectives

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City of London Corporation (CoLC)

Economic Development Office – Business Strategy and Plan

April 2017 - 22

The UK faces known challenges which threaten its competitive strengths

Market Context

Competitive Strengths

Access to global financial markets
- An international centre which offers cost-efficient access to deep and highly liquid capital markets
- The number one market for foreign exchange and the second largest market for fund management

Leading business & regulatory environment
- The world's best regulatory framework for doing business
- A hub where companies and investors meet from around the world to do business

Powerhouse of talent
- A magnet for talent from around the world due to its depth and experience in financial services
- Access to a diverse pool of skills and backgrounds

Enabling business infrastructure
- Providing the telecommunications, IT infrastructure and transport links to fuel business

Attractive Living and Working Environment
- There is no shortage of people wanting to live and work in London due to its soft power e.g. culture, green spaces

Hub for innovation
- The best financial centre for use of technology, venture capital and new product development

Challenges Faced (Not Exhaustive)

- **BREXIT** has created new challenges, such as single market access, as well as opportunities to link to new global markets
- **Populism** has led to political uncertainty and lack of trust, making it more challenging to maintain high standards whilst remaining competitive
- **Skills Shortages and inequality** are increasing as the UK faces challenges both in supply of skills and the diversity and inclusiveness of its workforce
- **Investment in connectivity** ensuring London has the digital and physical infrastructure that business needs
- **Rising cost of living** creates a barrier for potential workers to access London jobs and for businesses to set up in the city
- **Competition** from global FRPS centres has seen other geographies challenge in areas of new growth (e.g. FinTech)

We want to ensure that the UK continues to lead globally for FRPS, and our vision to achieve this is by fostering growth and inclusion

Vision

- Our **Vision** is to create growth and inclusion for the City, London and the UK so that the UK continues as the World's leading financial centre

EDO Strategic Framework: Our Vision

Growth and Inclusion

- To continue to lead, the sector needs to generate new jobs and additional economic growth
- We believe that to be sustainable, this growth needs to be inclusive to provide equality of opportunity

In light of the challenges UK FRPS faces, our strategic objectives focus on strengthening and enhancing four areas of competitive strength

Competitive Strengths and Strategic Objectives

- To achieve our vision, we need to be innovative and agile in response to macro-political trends to both bolster the UK's current strengths and develop new sources of competitiveness.
- Our focus is on four **Competitive Strengths** in which the UK is facing significant challenges and also where we believe we can leverage our assets to make a significant impact to achieve a number of **Strategic Objectives**.

EDO Strategic Framework: Competitive Strengths

Competitive Strength	Challenges*	Strategic Objectives
Competitive Economy	BREXIT, Populism	To sustain and enhance the UK's competitive regulatory and economic environment and enable access to global markets
Responsible Business	Talent, Public Perception, Rising Cost of Living	To support business to adopt responsible and inclusive business practices and ensure the City continues to thrive
Innovation Hub	Global competition	To ensure that London is home to a more innovative ecosystem for FRPS than its competitors
Global Ambition	BREXIT, Global competition	To promote the UK's value proposition to attract and retain investment to the UK and facilitate exports

* Not an exhaustive list

As our objectives are often complementary to those of other players in the industry, strategic alignment is key to maximise our impact

Strategic Partners and Key Enablers

- Government and business are our **Strategic Partners** and the key stakeholders whom we aim to deliver highly valued outcomes for and with whom we work in collaboration to deliver joint programmes.
- Our dedicated research function is a **Key Enabler** which provides bespoke analysis and evidence that helps shape, develop and implement our strategic objectives and ensure our activities are well-founded. So too are our developing Relationship Management function and Overseas Offices.

EDO Strategic Framework: Strategic Partners

Strategic Partners

- Role of partnership with Government / Regulators:
  - Jointly propose and shape key policy positions
  - Shape and deliver joint programmes to deliver against shared objectives
  - Support and shape UK regulation
- Role of partnership with business
  - Develop business insight on challenges and opportunities
  - Provide support to help businesses grow

Key Enablers

- Research
- Relationship Management
- Overseas Offices

Across all of our objectives, we have identified 13 areas in which to focus over this year that we will collaborate on with our strategic partners

How we will deliver

	Strategic Objective		Focus Area	Aim
Competitive Economy	To sustain and enhance the UK's competitive regulatory and economic environment and enable access to global markets	1	**EU Market Access**	Achieve the best possible outcome from the BREXIT negotiations
		2	**International Market Access**	Develop and strengthen access to London's most important markets including both mature markets (eg. the US) and emerging markets (eg. India and China)
		3	**UK Regulatory Framework**	Ensure high standards and promote global regulatory coherence
Responsible Business	To support business to adopt responsible and inclusive business practices and ensure the City continues to thrive	4	**Trust**	Support businesses to adopt responsible practices and improve public perception of the City
		5	**Talent**	Enable FRPS to attract the talent it needs and build the necessary skills
		6	**Enterprise**	Grow the number of start ups that scale successfully in FRPS, support responsible growth and increase the diversity of teams
		7	**Thriving City**	Identify and address the key challenges London faces to remain a globally competitive city whilst also ensuring inclusive growth
Innovation Hub	To ensure that London is home to a more innovative ecosystem for FRPS than its competitors	8	**FinTech**	Establish London as a market leader in innovation and use of technology
		9	**Cyber**	Ensure that London is the most resilient financial centre to cyber attack
		10	**Green Finance**	Ensure that London has the environment to attract investment in Green finance
Global Ambition	To promote the UK's value proposition to attract and retain investment to the UK and facilitate exports	11	**Foreign Direct Investment**	Support and enable the movement of new FRPS businesses into London
		12	**Retention and Expansion**	Encourage FRPS businesses to remain in and expand across the UK
		13	**Exports**	Identify and increase exports to priority markets

Our assets place us in a leading position to effect change and have a significant impact on the FRPS industry

Assets

Global Reputation

- We have a significant amount of in depth industry expertise having supported FRPS for many years
- We aim to achieve the best outcomes for the long-term success of the industry as a whole
- This, along with our established links in Brussels, the US and Asia, positions us as a neutral and internationally recognised organisation with which to engage

Diverse Relationships

- We have an extensive network of UK partners, including business, government, trade bodies and associations
- We have a vast international reach as a result of our extensive overseas visits and offices
- This enables us to effect change at a local, national and international level

Our Assets

Broad Resources

- We offer high quality local services (e.g. City Police, Property) in conjunction with our FRPS services
- This uniquely enables us to develop and support a complete business ecosystem (e.g. Cyber crime)
- The breadth of our services extends across promotion, policing, business support, property and more

Independent Remit

- We are able to bring all relevant parties to the table on key issues for FRPS as we are a privately funded organization with no members to serve
- We are able to take a longer-term perspective which extends beyond political cycles
- This enables us to maximise our impact and focus on sustainable sources of competitive advantage

Our overarching success will be tracked by the UK FRPS industry performance across five macro-economic indicators

Targets

- If we are successful in achieving our strategic objectives, we will be contributing to **external** macro-economic outcomes that have a real impact in the FRPS sector
- If we challenge ourselves **internally** to maximise our impact and effectively leverage our assets we will be highly valued by our strategic partners

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Growth and Inclusion for the City, London and the UK based on the UK as a leading global financial centre

External

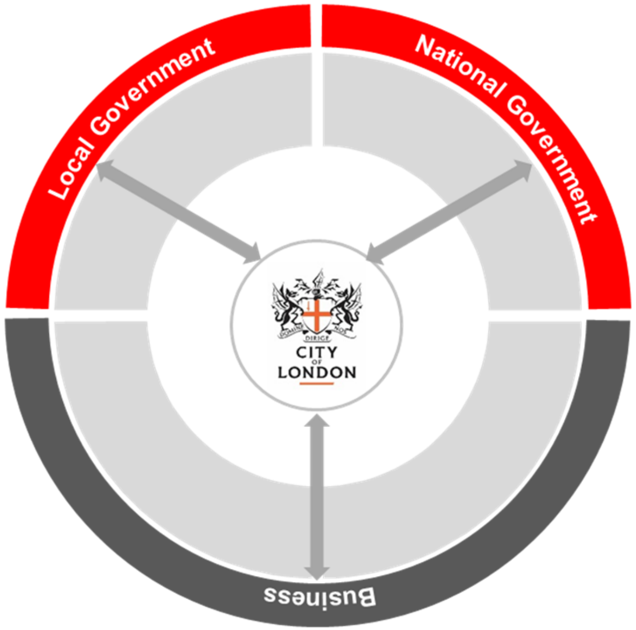
Internal

Goals	Targets
The UK remains the global leading centre for FRPS	#1 across three global indices
Growth: - Businesses remain in London - New businesses come to London - Investments are made in UK businesses	Increase in net jobs Increase in FRPS FDI
Inclusion - Diversity of the workforce increases - Public perception of the FRPS industry improves	In diversity measures from the UKCES Annual Population Survey In Edelman Trust barometer
The Corporation maximises its impact and is highly valued by its strategic partners (Government and Business)	>80% positive rating score in stakeholder survey

We engage with government bodies at a local and national level

Strategic Partners Engagement Strategy

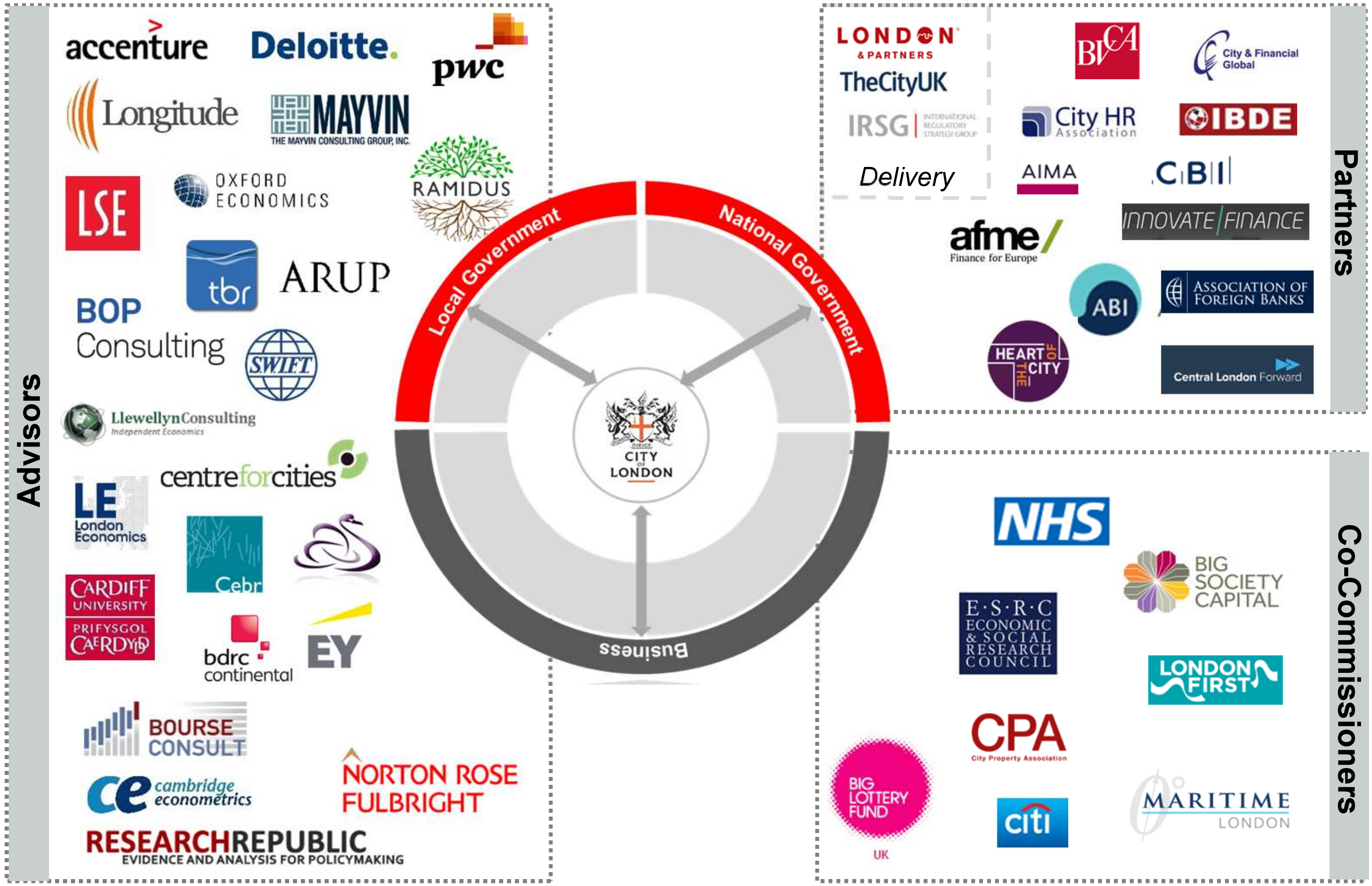
Figure 2. Strategic Partners: Relationship Map



Remit	Body	Role of Relationship
Local Government	Boroughs	• Shape and deliver joint programmes to address issues faced by the London community (e.g. Skills shortages)
	Greater London Authority	• Propose and agree government policy that supports London's competitiveness and liveability
National Government & Regulators	Cabinet Office Foreign Office Treasury Department of International Trade (DIT)	• Propose and agree government policy which enables sustainable growth and innovation • Shape and deliver joint programmes to sustain growth and innovation
	Prudential Regulation Authority (PRA) / Financial Conduct Authority (FCA)	• Support and shape UK regulation to sustain growth and innovation
	Economic and Financial Dialogues	• Contributing to international dialogues
Business	FRPS Businesses	• Develop business insight on challenges and opportunities • Provide support to help businesses grow (e.g. accompany on overseas visits)

Our network of diverse relationships extends our reach and capacity

Diverse Relationships



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Commentary

- We align perspectives on key strategic issues and co-ordinate resources on a regular basis with our Delivery Partners
- We leverage our broader network of Partners and Advisors to augment our capacity, access detailed expertise, expand our lobbying influence and to engage communities in the most effective way
- We Co-commission research to access expertise and share funding costs

Economic Development Office

Our Vision is to create growth and inclusion for the City, London and the UK so that the UK continues as the World's leading financial centre

Our Strategic Objectives:

- **Competitive Economy:** To sustain and enhance the UK's competitive regulatory and economic environment and enable access to global markets
- **Responsible Business:** To support business to adopt responsible and inclusive business practices and ensure the City continues to thrive
- **Innovation Hub:** To ensure that London is home to a more innovative ecosystem for Financial and related professional services (FRPS) than its competitors
- **Global Ambition:** To promote the UK's value proposition to attract and retain investment to the UK and facilitate exports

Our Assets:

- A global reputation and in depth industry expertise in FRPS supported by high quality research capabilities
- Diverse relationships spanning an extensive network of UK and international partners that enables change to be effected at both a national and international level
- Broad resources which enable us to support a complete business ecosystem and offer high quality services
- Independent remit which allows us to bring all relevant parties to the table on key issues, to take a long-term perspective and maximise our impact

Our 2017-18 budget is:

	£000
Employees	4,100
Premises	187
Transport	161
Supplies & Services	2,166
Third Party	45
Contributions	(14)
Client Receipts	(6)
Total Operational Budget	**6,639**

Our Focus Areas:

COMPETITIVE ECONOMY

- **EU Market Access:** Achieving the best possible outcome from the BREXIT negotiations
- **International Market Access:** Developing and strengthening access to London's most important markets including both mature markets (eg. the US) and emerging markets (eg. India and China)
- **UK Regulatory Framework:** Ensure high standards and promote global regulatory coherence

RESPONSIBLE BUSINESS

- **Trust:** Support businesses to adopt responsible practices and improve public perception of the City
- **Talent:** Enable FRPS to attract the talent it needs and build the necessary skills
- **Enterprise:** Grow the number of start ups that scale successfully in FRPS, support responsible growth and increase the diversity of teams

How we will measure success:

- Improved ranking of UK FRPS in global indices
- Significant progress made on financial services priorities in Brexit negotiations
- Increase FRPS foreign direct investment into London and the UK
- Track volumes in F/X, AUM, Bond listings particularly with Asia
- Increase in trust in FRPS reflected in the Edelman Trust barometer

Economic Development Office

- **Thriving City:** Identify and address the challenges London faces to remain a globally competitive city whilst also ensuring inclusive growth

INNOVATION HUB
- **FinTech:** Establish London as a market leader in innovation and use of technology
- **Cyber:** Ensure that London is the most resilient financial centre to cyber attack
- **Green Finance:** Ensure that London has the environment to attract investment in Green finance

GLOBAL AMBITION
- **Foreign Direct Investment:** Support and enable the movement of new FRPS business into London
- **Retention and Expansion:** Encourage FRPS businesses to remain in and expand across the UK
- **Exports:** Identify and increase exports to priority markets

- Increase in City workforce diversity as reflected in the UKCES Annual Population Survey
- Reduction of FRPS skills gap and skill shortages
- Greater diversity in FRPS workforce
- Improve the UK's standing in the Global Innovation Index and London's standing in the Global Cities Index
- >80% positive rating score in EDO's stakeholder survey and other feedback from stakeholders and City Corporation partners

How we plan to develop our capabilities this year:
- Develop a business case and, if successful, roll out a Strategic Engagement Management System (SEMS) across EDO
- Embark on a programme of business engagement and training
- Ask for feedback on briefings to ensure we are producing the most effective and relevant briefings for our leaders
- Think strategically and link in with the People, Place, Prosperity Steering groups and Summit Group
- Develop our presence through programmes, communication and promotion with a particular focus on ensuring that we are effectively communicating the work that we undertake and service offering that we can provide
- Increase our engagement with non-EU stakeholders in Asia and London to support macro trends (eg. Belt and Road Initiative)
- Improve our induction process so new starters have a good understanding of issues right from the beginning
- Manage and embed change within the Department

Plans for the following two years:
- Developing and promoting a clear vision for the role of EDO as part of the wider City Corporation plan
- Initiating a robust strategic plan against which work can be measured in terms of advancing the overarching strategy
- Continuing to strengthen effective strategic partnerships with government, business and other entities
- Adopting a strategic approach to business relationship management
- Increasing cross cutting work between the different EDO teams

Committee(s)	Dated:
Policy & Resources Committee Public Relations & Economic Development Sub-Committee	8 June 2017 8 June 2017
Subject: Regional Strategy	**Public**
Report of: Director of Economic Development	**For Decision**
Report author: Giles French	

Summary

Following a request by Members, the Economic Development Office has developed a proposed regional strategy to engage with major UK regional centres for the financial and related professional services sector. The strategy is focused on working in partnership with regional inward investment organisations to retain investment in the UK; attract new investment into the UK; and for regionally based firms to participate in the City Corporation's work programme to encourage UK exports.

Recommendations

- Members of the Public Relations and Economic Development Sub Committee are asked to recommend to Policy and Resources Committee that the regional strategy be approved.
- Members of the Policy and Resources Committee are asked to approve the regional strategy.

Main Report

Background

1. The City Corporation has revised its strategy for regional engagement to promote the UK based financial and related professional services industry. Members have requested a strategy that demonstrates London's value to the rest of the UK, and maximises our engagement to encourage economic development in other parts of the country.

2. Previously, regional engagement was limited to annual visits by the Lord Mayor and ad hoc events in London. The ambition is to establish more strategic

partnerships with key regional centres, and to focus on how we can work together to deliver increased investment across the UK and encourage UK based financial and related professional services firms to export their products and services.

Objective

3. To work with a number of regional centres that have significant financial and professional services sectors, on an agreed programme of activity to help retain and increase inward investment into the UK, and to encourage UK based firms to export their products and services.

Proposal

4. For the first year of the strategy we will engage with three centres to pilot the strategy. To ensure the strategy has focus, our definition of "region" will be centred on a major city, but if there is evidence engaging with a wider regional area would be productive, then that will be included. Similarly, we will identify a single lead partner organisation who will act as the conduit with any other appropriate local actors. The preferred local partner will be the established inward investment/export organisation.

5. Each of the regional centres will have a dedicated Account Manager in the Global Exports and Investment team in the Economic Development Office. The Account Managers already have a matrix of responsibilities for industry sub-sectors and global geographies, and will be given an additional UK region.

Proposition

6. Following scoping discussions with both Scottish Enterprise and MIDAS - the inward investment agencies for Scotland and Manchester, both of which are well established with dedicated financial services programmes – a combination of the following package is recommended as the City Corporation's offer to partner regions:

   - Annual visit to region by Lord Mayor, Policy Chairman and/or senior City Corporation Member;
   - Dedicated Account Manager in Global Exports and Investment team;
   - One event per annum in London to be hosted by the City Corporation (roundtable, seminar or conference), subject to negotiation on financial commitment for larger events;
   - A number of places at the major set piece dinners for regional business leaders – Bankers' Dinner, City Banquet, Lord Mayor's Banquet;
   - Delegate places and speaker opportunities at relevant policy-focused events;
   - Regionally based firms to participate in international export and investment programme: attending London based follow-up events, participating in the international visits programme, or participation in relevant working groups;
   - Participation in City Corporation organised training for inward investment officers on financial and professional services policy issues;

- Liaison with London-based institutions exploring investment opportunities across the UK;
- Co-sponsoring of research reports on areas of joint-interest.

7. Not every region would necessarily take up all elements of this proposal, but all elements could be delivered within existing resources. From the scoping discussions that have already taken place, the inward investment organisations have confirmed these proposals would be valuable in assisting them in achieving their objectives.

8. However, we would want this to be a genuine partnership, where the inward investment organisations were equally committed to delivering regionally based businesses to participate in our export and investment programme.

9. Members are requested to note that the Board of TheCityUK has recently approved a revised regional strategy for their programme of engagement. This was produced in consultation with the City Corporation and the two strategies have been designed to complement one another's activities. TheCityUK programme has a stronger focus on regionally based events and media activity, so the City Corporation's focus on exports and investment will avoid duplication.

Regional Partners

10. The following regional centres are recommended as the partners we work with in our first year of the strategy. They have inward investment organisations with whom we can partner, significant industry presence, and are all regions where we have an established relationship.

    Edinburgh: 49,805 jobs in financial and related professional services; banking, insurance, consulting; asset management and legal; £4.8 billion GVA in Edinburgh

    Belfast: 17,887 jobs in financial and related professional services; banking, emerging cyber sector, IT; 5.6% of GVA and 4.4% of employment in Northern Ireland.

    Manchester: 45,530 jobs in financial and related professional services; banking, insurance, professional services; £2.6 billion GVA; a Top 10 European business location.

11. Edinburgh and Manchester are the largest regional centres for the industry and make natural partners for this initiative. Belfast is a significant regional centre, but we are also responding from an approach from regional political and business leaders who have asked to work with us. Following initial discussions with both Scottish Enterprise and MIDAS (Manchester's inward investment agency), they are both keen to work with the City Corporation.

Next Steps

12. Subject to Members agreeing the regions we will partner for the first year of the strategy, the Global Export and Investment team will then liaise with the relevant inward investment organisation to confirm the proposal. The agreement will be informal, but the offer confirmed and accepted in an exchange of letters between senior officials or elected representatives. The partnerships can then be 'launched' formally when the Lord Mayor or Policy Chairman visits the relevant regions, although this will not preclude the partnership work from commencing immediately.

Resources

13. The majority of the activity can be delivered within exisiting resources, however depending on the scale of the proposed events hosted for each region by the City Corporation in London, a request may be made to the Policy & Resources Committee for support via the Policy Initiatives Fund.

Review

14. The pilot regional strategy will be reviewed after 6 and 12 months to assess its impact, ensure that the resource commitment is sustainable and look at next steps.

Recommendation

15. Members are recommended to approve the regional strategy.

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Committee Public Relations and Economic Development Sub Committee	Dated: 8 June 2017
Subject: Recommendations for Policy and Resources Committee attendance at 2017 Party Conferences	**Public**
Report of: Bob Roberts, Director of Communications	**For Decision**
Report author: Jeremy Blackburn, Head of Corporate Affairs	

Summary

Subsequent to comments at the meeting of the Public Relations and Economic Development Sub Committee on 4th May, this report provides an opportunity for widening possible attendance at the 2017 Party Conferences.

Background

At present all Members of PR-ED Sub Committee have the right to attend, subject to budget.

Members play a pivotal role as representatives, speakers and hosts at the Corporation's party conference activities. We wish to maximise the Corporation's influence through those Members with experience and connections in specific parties and key areas of the Corporation's role and operations.

It is proposed to change the procedures governing which Members are funded to attend party conferences. The objective of this is to facilitate the best possible policy discussion and contact for the City Corporation, strategically using members to achieve that.

Recommendation

1. The proposed recommendation for attendance in the future is:

    - Maintain the approach of previous years, whereby funded attendance was available to all Members of the PR-ED Sub-Committee, subject to the Corporate Affairs budget;
    - Other Members of the wider Court with specific experience or relevance may exceptionally be invited to attend party conferences as a representative of the City Corporation where appropriate, subject to the Corporate Affairs budget;
    - Other Members attending party conferences in a self-funded and separate capacity would be entitled to attend Corporation dinners.

Conclusion

2. Members who are funded to attend would have their experience, connections and sector relevance utilised in a strategic programme of targeted meetings, speaking opportunities and in hosting Corporation events.

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Committee(s)	Dated:
Public Relations and Economic Development Sub Committee	8 June 2017
Subject: Media Update	**Public**
Report of: Bob Roberts, Director of Communications	**For Information**
Report author: Tara Macpherson, Media Officer Assistant	

Summary

This report summarises the media output over the past six months from the City of London Corporation Media Team.

It shows there have been 862 articles relating to the City of London Corporation in national and local newspapers with the advertising value equivalent of £6,787,831.

Recommendation

Members are asked to note the contents of this report.

Main Report

Background

1. In November 2016 the Media Team expanded in size, employing four new media officers and an assistant.
2. A Weekly Media Summary was introduced in November 2016 to measure and record the main print and digital media coverage and output.
3. This report brings collates and summarises the finding of the Weekly Media Summary.

Print

4. There have been 862 articles relating to the City of London Corporation in national and local newspapers.
5. Advertising Value Equivalent (equivalent if we paid for coverage) was £6,787,831(this excludes radio and broadcasting coverage).
6. There have additionally been at least 440 articles in international media which are not collated by the cutting agency which we use or included in the AVE figure.

Digital

7. Top tweets reached more than 1m people including tweets for the Lord Mayor's Show and the news that the Tower Bridge works were finishing ahead of schedule.

8. The main corporate @cityoflondon Twitter feed has over 32,000 followers, more than any of the other London boroughs. Westminster has 20,500.
9. Data from 60 of our 150 feeds which we collect for (excluding many of the smaller feeds and the Barbican feed) show followers increased by 11% - these feeds now have 163,083 followers which is up 16,554. We received 13% more messages via social media. Actions by followers per tweet were up 11%.

Film

10. Between November 2016 and May 2017 the film team has facilitated film/photography shoots that have brought revenue of £259,159 into City Corporation.

Subject Analysis:

11. Financial and Professional Related Services - the majority of the coverage of of FRPS was around Brexit. Both internationally and nationally, the Lord Mayor, Policy Chairman and Special Representative to the EU / Asia are frequently quoted in major outlets such as *Wall Street Journal.*
12. Planning and Transportation - the Bank Junction safety scheme, 4G Wi-Fi network announcement and MIPIM Property Conference in Cannes all received extensive coverage across print, broadcast and trade outlets.
13. Culture - The City of London Corporation and Mayor of London's pledge to fund the proposed move of the Museum of London to West Smithfield and the Court of Common Council's decision to provide up to £2.5 million in funding for a new Centre for Music in the Square Mile were the major topics.
14. Education - City Corporation's support for apprenticeships has been highlighted multiple times in London media including the launch of the Institute for Apprenticeships held at Mansion House
15. City Bridge Trust - more than over 160 pieces of coverage in the last six months, usually about the award of grants.
16. Open Spaces – regular weekly coverage in multiple local newspapers.

Conclusion

17. Members are asked to note the contents of this report.

Appendices

None

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Committee	Dated:
Public Relations and Economic Development Sub Committee	8 June 2017
Subject: Standalone Website Policy	**Public**
Report of: Director of Communications	**For Decision**

Summary

After a short review of our websites and digital platforms it was found there was no policy setting out how and when City of London Corporation institutions can set up standalone websites.

This report seeks to remedy this situation by setting out clear policy and procedures that must be followed before any owned or wholly-funded City Corporation institution can set up its own website or other digital platform.

The procedures are designed to protect our reputation, our logo and identity, our editorial standards, the credibility of the City Corporation website and the security of our systems.

Recommendation(s)

Members are asked to agree the new policy, detailed below, setting out when and how institutions owned or wholly-funded by the City of London Corporation can set up standalone websites or digital platforms.

Main Report

Background

1. Responsibility for the management of the Publishing Team which includes staff running the City Corporation's website and intranet was given to the Director of Communications from the retiring Deputy Town Clerk on October 1st 2016.

2. A short review found there was no policy around what permissions were needed or what process were to be followed if City of London Corporation institutions wanted to set up their own website separate from the City Corporation website.

3. This has led to a confused situation illustrated by the below:

4. Tower Bridge, the Barbican, Billingsgate Market and our schools have their own standalone websites

5. Epping Forest, Heathrow Animal Reception Centre and Guildhall Art Gallery do not.

6. Keats House recently wanted its own website to drive increased visitor numbers and income arguing the City Corporation website was an odd home to find information about a museum in Hampstead. However attempts to set up this website have met resistance over fears it would dilute the City Corporation brand.

7. Leadenhall Market, which generates £2.8million of income per year for City, was given permission to set up its own independent and dedicated website in order to be seen as a credible retail centre.

Policy

8. The Director of Communications would like to resolve this situation by setting out a new policy and procedures to be followed before new websites and other digital platforms can be set up.

9. The policy and procedure is set out below:

    a. We recognise the City's Corporation's businesses and institutions greater and growing need to set up their own websites and other digital platforms to promote their individual businesses and serve their customers.

    b. However there is also a need to protect our reputation, the logo and identity of the City of London Corporation, the editorial quality and content of individual websites, the security of our IT systems and to ensure there is enough proper content of the City of London Corporation's main website.

    c. Therefore any owned or wholly-funded City of London Corporation institution wishing to set up a standalone website or digital platform must:
        i. Submit a report to the Customer Service Group of officers setting out a clear business case for the website, showing it can conform to all requirements applicable to the main site and that the new site has sufficient and ongoing resources.
        ii. Agree in writing a suitable prominence of the City of London Corporation logo and other branding with the Head of Publishing
        iii. Agree in writing with the Chief Information Security Officer that the site or platform will meet proper security standards.
        iv. Agree in writing with the Director of Communications that final editorial control lies with the Communications Team to ensure high-quality content and accessibility of any new websites.

    d. Only once those permissions are met and Members are informed can a new website or digital platform can be set up.

10. These policy and procedures would also apply when City of London Corporation departments and institutions set up “partnership websites” with other organisations.

Proposal

11. Members are asked to agree to the new policy and procedure setting out when and how institutions owned or wholly-funded by the City of London Corporation can set up standalone websites or digital platforms.

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Committee Public Relations and Economic Development Sub-Committee	Dated: 8 June 2017
Subject: Sport Engagement Opportunities	**Public**
Report of: Town Clerk	**For Decision**
Report Author: Simon Murrells, Assistant Town Clerk	

Summary

Following a request from the Policy and Resources Committee at its meeting in May, a number of potential sport opportunities that the City of London could support in the near future have been identified. This paper outlines the upcoming major sport events taking place in London over the next few years, including the IAAF World Athletics Championships taking place this August, with an indication of whether there may be an opportunity for the City Corporation to work with partners to offer support. Further work needs to be undertaken to clarify the details and ascertain whether there is a role for the City Corporation, therefore it is suggested that a more detailed report be prepared on the opportunities and brought back to this Sub Committee at a future meeting.

Recommendations

It is recommended that:

- Members note the proposed hospitality to be provided for the upcoming IAAF World Athletics Championships; and

- The Town Clerk, in consultation with relevant officers, be asked to look further into how the City Corporation can strategically support future major sports events and report back on a way forward.

Main Report

Background

1. Following a question from a Member of the Policy and Resources Committee at its last meeting on the positive engagement of the City of London Corporation both during and in the period immediately following the London Olympic and London Paralympics, the Committee asked the Town Clerk to examine the potential for ongoing City of London Corporation engagement in forthcoming major sporting events, including but not limited to the World

Athletics Championships during Summer 2017 and to report back to the Public Relations and Economic Development Sub-Committee.

Sport Engagement Opportunities

2. Attached to this report is a schedule of upcoming sports events taking place in London over the next few years, along with an indication of possible opportunities where support could be provided. At present, all of these proposals are deliberately vague, owing to the fact that discussions would need to take place with relevant partners and organising bodies to determine whether or not they are desirable and / or achievable. However, considering the views expressed by our key strategic partners, such as the UK Government, Mayor of London and London & Partners, following the success of the London 2012 games, it is likely that any offer of support from the City would be well received.

3. Developing a more strategic approach for these types of events would help ensure the City Corporation maximises the opportunities presented by its support and bring about successful outcomes for everybody involved. It is therefore proposed that the Town Clerk review this matter further, in consultation with all relevant stakeholders and report back on a way forward later this year.

4. In addition to the valuable networking opportunities offered by these events, they also demonstrate the unique and beneficial role played by the City Corporation to our stakeholders and beyond. It should be noted that the attached schedule is not exclusive and there may be additional opportunities identified as part of a further review. In addition, although in general it is expected that support would be provided through the form of hospitality, either at Guildhall or other City Corporation owned venues, there may also be other ways that the City Corporation can offer its assistance and these could be drawn out through a more thorough review.

IAAF World Athletics Championships 2017

5. The IAAF World Athletics Championships (London 2017) are taking place at the Queen Elizabeth Olympic Park in London on 4th – 13th August 2017. This represents the biggest athletics competition outside the Olympics and is a major coup for London following the success of London 2012.

6. The Remembrancer has developed a proposal, in consultation with the Greater London Authority, for the City Corporation to host a welcome reception. This will be considered by the Hospitality Working Party at its next meeting.

Conclusion

7. Given the success of the City Corporation's previous engagement both during and in the period immediately following the London Olympic and London Paralympics the Policy and Resource Committee has asked that the potential for

ongoing engagement in forthcoming major sporting events is examined. This should include, but not limited to, the IAAF during Summer 2017. Work has already begun on the possibility of the City Corporation hosting a welcome reception for the IAAF. Other opportunities now need to be examined, in consultation with the Public Relations and Economic Development Sub-Committee, and the outcome reported back to Grand Committee.

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Appendix
Schedule of Upcoming Sport Events in London

Upcoming London Sport Events

Competition	Date	Location	Description	Hospitality Offer?
FIH Men's Hockey World League	15th – 25th June 2017	Lea Valley Hockey and Tennis Centre	Men's Hockey League semi-finals, which includes England, to determine World Cup Qualifiers. 2018 World Cup will be held in India.	The hospitality arrangements for this competition have already been finalised.
ICC Women's Cricket World Cup	24th June – 23rd July 2017	England and Wales	11th edition of this tournament which takes place every 4-5 years. Eight teams will be taking part this time around. The final will be held at Lords on 23rd July	The hospitality arrangements for this competition have already been finalised.
IPC World ParaAthletics Championships	14th – 23rd July 2017	Queen Elizabeth Olympic Park	The World Para Athletics Championships will include 213 medal events, featuring approximately 1,300 athletes, and will be held across 10 days of competition.	The hospitality arrangements for this competition have already been finalised.
IAAF World Athletics Championships	4th -13th August 2017	Queen Elizabeth Olympic Park	The IAAF World Athletics Championships are the biggest athletics competition outside the Olympics. The Marathon which starts and finishes on Tower Bridge and incorporates 4 laps around the City including Guildhall	Possible welcome reception and an event to celebrate the marathons coming through the Square Mile. To be agreed by HWP.
29th International Cycle History Conference	13th – 15th June 2018	City of London	Bi-annual conference to mark the 200th Anniversary of the first bicycle patent being registered in the UK and the 150th Anniversary of the first recorded cycle race	Possible request for use of Guildhall for various events, and a welcome reception – still to be determined (Phil Saunders in C&CS leading).
FIH Women's Hockey World Cup	7th -21st July 2018	Lea Valley Hockey and Tennis Centre	Following gold in Rio, the England team will be looking for success in their home games	There may be opportunities to host tournament receptions or events at City of London venues during the tournament raising the profile of women's sport in the UK.
ICC Men's Cricket World Cup	30th May – 15th July 2019	England and Wales	This will be the 12th Cricket World Cup competition, and the fifth time it will be	There may be opportunities to host receptions or events during the

Upcoming London Sport Events

			held in England and Wales. The first match will be played at The Oval and the final at Lord's	tournament. The ECB have indicated a strong desire for assistance with their programme of hospitality for the 2019 World Cup.
UEFA European Football Tournament	June – July 2020	Wembley Stadium	Wembley will host the semi-finals and the finals for this tournament with earlier qualification games played across Europe for the first time.	This event is very much in the early planning phases at the minute but there may be opportunities to partner with the organisers to host events during the tournament.
European Sports / Athletics Championships	August 2022	Host City TBC	UK Athletics has made a bid for the European Sports Championships to be held in London in 2022. The winner will be announced in November 2017.	If London becomes a host city, there may be various hospitality opportunities
XXII Commonwealth Games	August 2022	Host City TBC	Following withdrawal of Durban, possible joint UK bid for the 2022 Games, along with other cities such as Birmingham and Liverpool. CGF will announce decision later this year	If London becomes a host city, there may be various hospitality opportunities.
US Sport Franchises	All year round	Wembley / London Stadium	NFL, MLB and NBA league games in London, as part of their international franchise	There may be opportunities to host British and American businesses around games when the teams are in London and have delegations over. This all supports London's ambition to host US sport franchises in future years.

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