



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

Date: THURSDAY, 10 OCTOBER 2019

Time: 4.00 pm

Venue: COMMITTEE ROOM 3 - 2ND FLOOR WEST WING, GUILDHALL

Members: Deputy Catherine McGuinness (Chairman)
Simon Duckworth (Deputy Chairman)
Deputy Keith Bottomley
Tijs Broeke
Dominic Christian
Karina Dostalova
Anne Fairweather
Alderman Prem Goyal
Sheriff Christopher Hayward
Deputy Jamie Ingham Clark
Deputy Edward Lord
Andrew Mayer
Jeremy Mayhew
Alderman William Russell
Deputy Tom Sleigh
Sir Michael Snyder
James Tumbridge
Alderman Sir David Wootton

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**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 and summary of the meeting held on 10 September 2019.

For Decision
(Pages 1 - 6)
4. **IG MONTHLY UPDATE**
Report of the Director of Innovation and Growth.

For Information
(Pages 7 - 34)
5. **CORPORATE AFFAIRS MONTHLY UPDATE**
Report of the Director of Communications.

For Information
(Pages 35 - 38)
6. **PARLIAMENTARY MONTHLY UPDATE**
Report of the Remembrancer.

For Information
(Pages 39 - 44)
7. **SPORT ENGAGEMENT - PROGRESS UPDATE**
Report of the Director of Communications.

For Information
(Pages 45 - 50)
8. **PARTY CONFERENCES MEMBER ATTENDANCE**
Report of the Director of Communications.

For Decision
(Pages 51 - 54)

9. **CITY CORPORATION ENGAGEMENT ON VISAS AND IMMIGRATION**
Report of the Director of Innovation and Growth.
- For Information**
(Pages 55 - 88)
10. **REVISED CHINA MARKET STRATEGY**
Report of the Director of Innovation and Growth.
- For Decision**
(Pages 89 - 100)
11. **CITY OF LONDON CORPORATION PARTICIPATION IN WORLD ECONOMIC FORUM (DAVOS), JANUARY 2020**
Report of the Director of Innovation and Growth.
- For Information**
(Pages 101 - 104)
12. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE SUB-COMMITTEE**
13. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
14. **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.
- For Decision**

Part 2 - Non-Public Agenda

15. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the meeting held on 10 September 2019.
- For Decision**
(Pages 105 - 108)
16. **NON-PUBLIC APPENDIX FOR CHINA STRATEGY**
A non-public appendix to be read in conjunction with item 10 on today's agenda.
- For Information**
(Pages 109 - 112)

17. **NON-PUBLIC APPENDIX FOR DAVOS STRATEGY REPORT**

A non-public appendix to be read in conjunction with item 11 on today's agenda.

For Information
(Pages 113 - 114)

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

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

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

Tuesday, 10 September 2019

Minutes of the meeting of the Public Relations and Economic Development Sub (Policy & Resources) Committee held at the Guildhall EC2 at 4.00 pm

Present

Members:

Deputy Catherine McGuinness (Chairman)	Deputy Edward Lord
Simon Duckworth (Deputy Chairman)	Andrew Mayer
Deputy Keith Bottomley	Jeremy Mayhew
Tijs Broeke	Alderman William Russell
Anne Fairweather	Deputy Tom Sleigh
Alderman Prem Goyal	James Tumbridge
Christopher Hayward	Alderman Sir David Wootton
Deputy Jamie Ingham Clark	

Officers:

John Barradell	- Town Clerk & Chief Executive
Damian Nussbaum	- Director of Innovation and Growth
Bob Roberts	- Director of Communications
Paul Double	- Remembrancer
Nigel Lefton	- Director of Remembrancer's Office
Vic Annells	- Executive Director of Mansion House & CCC
Eugenie de Naurois	- Head of Corporate Affairs
Callum Anderson	- Economic Development Office
Emma Cunnington	- Town Clerk's

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Karina Dostalova.

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

There were no declarations of interest.

3. MINUTES

RESOLVED – That the public minutes and summary of the meeting held on 2 July 2019 be approved as a correct record.

Matters arising

Member attendance at Party Conferences

Under item 6 of the minutes, the Chair consulted the Sub-Committee on their view of a Member being in attendance for the Green Party Conference.

Members were generally supportive but also asked for Member attendance at party conferences to be looked at as part of the fundamental review. Officers were also urged to make use of Members as much as possible at party conferences and the Head of Corporate Affairs reminded Members of the upcoming party conferences briefing taking place on Thursday 12 September.

RESOLVED, that:-

- Deputy Edward Lord represent the City Corporation at the Green Party Conference, alongside an officer from the Corporate Affairs Team.

4. IG MONTHLY UPDATE

The Sub-Committee received a report of the Director of Innovation and Growth updating Members on the key activity undertaken by the Innovation and Growth Directorate (IG) in July and August.

A Member asked for the Director to consider holding the 'India Day' event in collaboration with the Department for International Trade more regularly.

Following a question, the Director reported feedback from external stakeholders of the recent change of name, which had been primarily very positive.

Members then proceeded to discuss and ask questions around the priorities of the City Corporation's work with the US and particularly if there plans to do anything to help further a UK-US trade deal. The Chair and the Director gave an overview of the work that the City Corporation does, particularly around boosting bilateral regulatory and supervisory cooperation and using the Lord Mayor's and Policy Chair's visits to do this.

RESOLVED, that:

- The progress of IG workstreams be noted.

5. CORPORATE AFFAIRS UPDATE

The Sub-Committee received a report of the Director of Communications updating Members of the Corporate Affairs team's activities in supporting the City Corporation's strategic political engagement.

RESOLVED, that:

- The report be noted.

6. PARLIAMENTARY TEAM UPDATE

The Sub-Committee received a report of the Remembrancer updating Members on the main elements of the Parliamentary Team's activity in support of the City Corporation's political and parliamentary engagement.

The Remembrancer gave Members an oral update on the status of the Air Quality Bill, particularly light in the recent prorogation of Parliament.

RESOLVED, that:

- The report be noted.

7. **PREPARING FOR A DEAL AND A NO DEAL IN FINANCIAL AND PROFESSIONAL SERVICES**

The Sub-Committee received a report of the Director of Innovation & Growth setting out the work being undertaken by the Innovation & Growth Directorate, enabling the City Corporation to help the City thrive and forge ahead through any Brexit scenario.

The Chair informed Members that she would be making a statement at Court to set out more detail on how we are preparing businesses (particularly small businesses) and EU citizens in the event that the UK left the EU on 31st October.

Members asked questions about the web traffic on the new Global City platform and suggested that officers look at how to increase search engine optimisation for this site.

RESOLVED, that:

- The report be noted.

8. **US STRATEGY & CAMPAIGN**

The Sub-Committee considered a report of the Director of Innovation & Growth setting out the new US Campaign approach.

Members had some comments on the structure of the report and asked for this to be changed ahead of it being reported to the Policy & Resources Committee. In addition, Members wanted the cost implications of the campaign made much clearer. There was also some discussion as to the definition of fintech and ensuring that the City Corporation were engaging with all sizes of fintech companies.

RESOLVED, that:

- It be recommended to the Policy and Resources Committee to approve the new US campaign approach.

9. **JAPAN FPS STRATEGY UPDATE**

The Sub-Committee considered a report of the Director of Innovation and Growth which proposed workstreams and delivery channels for Members to agree as part of the City Corporation's Japan FPS Strategy.

RESOLVED, that:

- It be recommended to the Policy & Resources Committee that the updated City Corporation Japan FPS Strategy including workstreams and delivery channels be approved.

10. **PROFESSIONAL AND BUSINESS SERVICES COUNCIL (PBSC) UPDATE**

The Sub-Committee received a report of the Director of Innovation & Growth providing Members with an overview of the City Corporation's involvement with the Professional and Business Services Council (PBSC).

A Member asked for more information on our work with the insurance sector, particularly in light of the increase of Members of the Court with expertise in this area.

RESOLVED, that:

- The report be noted.

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

Questions were raised as follows -

Regional Immigration Policy

A Member asked a question concerning the idea of a regional immigration policy and what the City Corporation's position on this would be. The Policy Chair explained that the City Corporation recognised that London's labour market differs from other parts of the UK and although the City Corporation published research on such a proposal in 2016, it was not adopted as policy. Additionally, the Director of Innovation & Growth informed Members of the work the City Corporation had undertaken in this area including publishing research on streamlining the UK visa process.

City Corporation response to Kashmir and Hong Kong

A Member asked a question as to the position that the City Corporation were taking in relation to the situations in both Kashmir and Hong Kong respectively. The Director of Communications updated Members that the City Corporation had not taken a public position.

Policy Chair's Visit to Switzerland

A Member asked for a report of the Policy Chair's recent visit to Switzerland. It was confirmed that this would be reported to this Sub-Committee at its next meeting.

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

The following items of urgent business were raised –

Animal Rebellion Protests at Smithfield Market

The Chairman of the Markets Committee informed Members of potential upcoming *Animal Rebellion* protests which would be taking place over a two-week period in the coming weeks. The Director of Communications assured Members that there was a communications response prepared and it was requested that elected Members representing Farringdon Without be informed of the corporate response.

13. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds

that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

Item	Paragraph
14	3

14. **NON-PUBLIC MINUTES**

The non-public minutes and summary of the meeting held on Tuesday 2 July 2019 were approved.

15. **BREXIT**

The Chair of Policy and Resources updated the Sub-Committee on issues around Brexit.

16. **INTERNATIONAL ENGAGEMENT**

The Chair of Policy and Resources updated Members on a few current issues in respect of international engagement.

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

There were no questions.

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

There were no items of urgent business.

The meeting closed at time not specified

Chairman

Contact Officer: Emma Cunnington
emma.cunnington@cityoflondon.gov.uk

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Committee	Dated:
Public Relations & Economic Development Sub-Committee	10 October 2019
Subject: IG monthly update – October	Public
Report of: Damian Nussbaum, Director of Innovation & Growth	For Information
Report author: Emily Howell, Executive Officer	

Summary

The following report provides Members with highlights of the key activity undertaken by the Innovation & Growth Directorate (IG) in September 2019. The activities covered documented in this report focus largely on those lead by the IG team. Activities undertaken in partnership with other teams and departments are also included and have been appropriately termed. Each area of activity is linked back to the objectives outlined in the IG Business Plan.

Recommendation

Members are asked to:

- Note the progress of IG workstreams.

Main Report

The highlights are structured around our four core objectives:

Innovative Ecosystem

1. The sustainable development capital initiative (SDCI) hosted a workshop with asset managers who have a specific interest in Africa. We tested SDCI's proposal to shape and develop an Sustainable Development Goals (SDG) Investment Trust as a way to mobilise mainstream flows of capital from the City into emerging markets. The next steps will be to sustain market engagement up until the UK-Africa Summit, where the SDCI will showcase the outcomes of this activity.
2. The Skills team attended a McKinsey roundtable on the future of women at work. One of the emerging conclusions was that automation will transform the labour market, which is likely to reduce the demand for low skilled and repetitive work - jobs predominantly held by women. Up to four million women in the UK will therefore need to transition occupations by 2030. For financial and professional services (FPS), this could mean 400,000 workers transitioning to new jobs. The Skills Taskforce will report on these issues in the autumn.
3. The IRSG Council took place, where financial regulators updated members on the current state of play in the Brexit negotiations. In terms of financial services legislation, the UK is seen as relatively well prepared for a no deal outcome, although there are concerns at the levels of preparedness of smaller companies. Two external commentators also agreed that a deal before 31 October was unlikely.

4. The Innovation team hosted an event at Barclays Eagle Labs regarding the use of Artificial Intelligence (AI) in the legal sector. We moderated the discussions which included input from law firms, tech start-ups and The Law Society on how best to approach the challenge of successfully integrating AI into legal processes.
5. The Policy Chair chaired the second meeting of the City Corporation's LawTech Sounding Board bringing together representatives from government, law firms, in-house legal advisers and tech companies. The board is continuing to explore solutions for increasing the adoption of technology across the legal sector.
6. In cyber and economic crime, we attended the Cambridge Economic Crime Symposium. The topics covered a wide range including technologies, financial sector, Financial Action Task Force (FATF) and recent trends and developments. The Lord Mayor and City Police Head of Economic Crime spoke at the opening of the event and officers attended the full week of discussions. As a result, we have held meetings with Joint Money Laundering Task Force, Royal United Services Institute and UK Finance. This is with a view to plan round table discussions in both Brussels and the London on best practice and current trends. We are also gathering best practice messaging that senior leaders can share in meetings where economic crime comes onto the agenda.

World Class Business Environment

7. The Skills team supported the steering board of future.now, the coalition aiming to motivate people and businesses to boost digital skills. The board met to agree on governance, resourcing, and a directory of digital skills providers. Member organisations include Lloyds Banking Group; BT; Accenture; Brunswick; the Department for Education; the Department for Digital, Culture, Media and Sport (DCMS); Good Things Foundation, and Six.
8. The IRSG Data workstream group met and Members received an update on papers, including from techUK on a forthcoming publication focusing on digital trade and data localisation. Officials from DCMS also provided an update on no-deal planning and welcomed suggestions of EU industry bodies that could benefit from engagement.

Access to Global Opportunities

9. The Regulatory Affairs team attended the inaugural meeting of the Expert Trade Advisory Group (ETAG) at the Department for International Trade, which has been established to shape the UK's objectives for post-Brexit services trade.
10. The Trade & Investment team supported the annual Chile Day conference, which was attended by senior stakeholders from Chilean government and industry, including the Minister of Finance, the Governor of the Central Bank of Chile and the National Cyber Security Advisor, who came to engage on areas such as green finance, cybersecurity and fintech. The delegation also met the Secretary of State for International Trade, the Bank of England, London Stock Exchange and City of London Police, among others.

11. The Corporation engaged with the global FPS community at the annual Sibos conference and exhibition held at Excel London. Given the UK's position as a global hub for innovation, there was a particular spotlight on fintech alongside the broader FPS focus, with both UK and international fintech firms exhibiting in the 'Discover Zone'. Alongside London & Partners and Department for International Trade, the City Corporation will be present at the conference and exhibition and the Lord Mayor was invited to participate on a panel at a Global Leaders Forum on 25 September. The City Corporation also hosted a VIP networking reception at the Guildhall, where the Lord Mayor spoke and saw representatives from across the FPS sector attend as well as a senior VIP delegation from Sibos.

Global Recognition of UK's FPS Offer

12. The Trade & Investment team successfully delivered the Asian Financial Cooperation Association Green Finance International Forum and the UK-China Business Leaders Forum, which was then followed by a dinner, at the Guildhall. Attendees included Minister Counsellor Bao Ling from the Chinese embassy, the Bank of England's Deputy Governor Sam Woods and H.E Ambassador Liu Xiaoming.

13. We released 'Greening the Belt and Road: A UK-China collaboration' at the Chinese business conference and dinner, held at the Guildhall. The report highlights the role that specialist UK advisory expertise can play in embedding environmental sustainability into major Belt and Road infrastructure projects, improving the environmental impacts of major development across the world.

14. To promote the UK as a leading centre for trade and investment, we launched Working with you: the UK's global offer for FPS at the International Trade Dinner. The report is part of the www.globalcity.uk campaign and sets out the UK's offer for international FPS.

15. Islamic Finance Week – the largest event of its kind in Europe – took place at Mansion House and brought together stakeholders from across the sector. The Lord Mayor also gave a keynote speech highlighting the UK's position as the top Western centre for Islamic Finance and how London is leading in some important topics for Islamic Finance, such as fintech and Green Finance.

16. The Trade & Investment team joined the Lord Mayor on his visit to India and Nepal. They will also be accompanied by a business delegation (including Revolut, TransferWise and Aon). There was a wide range of engagements with businesses, government organisations and trade associations – all with a view to promoting the UK as a key knowledge partner for India.

17. The Innovation team attended the first International Green Finance Coordination Group meeting in Whitehall. The group's objective is to share information between government departments and others involved in promoting the UK's green finance offer. COP26 (26th Conference of the Parties) will be held in Glasgow in November 2020, and the group's first task is to brainstorm and collate possible announcements for COP.

18. The Trade & Investment team hosted a delegation of Brazilian Pension Funds. The UK government has supported regulatory change to attract investment

from Brazilian institutional investors through the Economic Financial Dialogue. The visit was therefore an opportunity to build stronger relationships between pension funds and UK asset managers. The ongoing dialogue has led to several UK-based asset managers looking at investment opportunities in Brazil, while Brazilian investors are keen to learn lessons around regulation and governance from the UK.

19. The Research team presented a session at New London Architecture's 'Commerce, Culture and Creativity' annual conference. The presentation explored how the City's evolving business and commerce offer, from physical trade through to knowledge-intensive industries, has from its foundation been underpinned by the core strengths of connectivity and clustering – with the recent diversification into Technology, Media and Telecoms (TMT) reinforcing those strengths.

Partnerships and Engagement

20. The Trade & Investment team accompanied CPR, at a "Leeds in London" event co-hosted by Leeds City Council and The British Library. The event explored the reasons why major creative and digital organisations have chosen to base themselves in Leeds (e.g. Channel 4, Reed Smith and Burberry) and provided an opportunity to identify ways to collaborate and support the growth of the industry in Leeds.
21. Our Brussels Office hosted the Brussels launch of TheCityUK and PwC's report "Operational Resilience in Financial Services: Time to Act". The event was well attended by a range of stakeholders, including representatives from EU Permanent Representations, third country missions and financial services firms.

Appendices:

1. Working With You: the UK's Global Offer for Financial and Professional Services
2. Greening the Belt and Road: A UK-China Collaboration

**Emily Howell | Executive Officer
Innovation & Growth**

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THE GLOBAL CITY

WORKING WITH YOU: THE UK'S GLOBAL OFFER FOR FINANCIAL AND PROFESSIONAL SERVICES

www.theglobalcity.uk







HOW THE UK CAN WORK FOR YOU

The UK is the world's most global financial centre. Our international outlook means we understand your business needs. The depth and breadth of our offer mean unparalleled opportunities for you to grow with the best access to capital, clients and collaborators. With a history of innovating that stretches back centuries, innovation is what we do – creating an inspirational ecosystem where your business can thrive.

THE UK: A COMPELLING OFFER

“ With a centuries-long tradition of innovation, the UK is embracing emerging tech platforms, accelerating its leadership in the sectors of tomorrow, and forging a future as a global financial hub. Locating and doing business here gives firms genuine competitive edge on the international stage.

Peter Estlin,
The Rt Hon The Lord Mayor,
The City of London Corporation

“ A gateway to global capital, advice and clients, the UK has much to offer in providing financial and professional services to the world. Firms here benefit from a combination of unmatched connectivity, exceptional business environment, international talent, and a thriving and diverse financial services ecosystem.

Catherine McGuinness,
Chair of Policy and Resources,
The City of London Corporation

“ The UK is a world leader in providing financial services. The UK hosts 250 foreign bank branches. It is the world's largest hub for specialty insurance and the second biggest global centre for assets under management. As we become an independent trading nation, the UK will continue to thrive in growth areas such as fintech and green finance, and it is our ambition to remain the financial capital of the world post-Brexit.

The Rt Hon Elizabeth Truss, MP,
Secretary of State for International Trade

“ The UK is the world's leading international financial centre, holding a top-five position in almost all financial and related professional services sectors, reinforced by world-leading financial and capital markets infrastructure, English law, and dispute resolution. This unique ecosystem delivers significant competitive benefits to customers and clients at home and around the world.

Miles Celic,
CEO,
TheCityUK

“ The UK invented modern finance and tomorrow's finance is being invented here too. We have scale and strength, but we also have something less tangible, the pull of the UK as a place to live. Global firms that move here – large or small, institutions or disrupters – soon find that their brightest talent is knocking on the door to move to the London office.

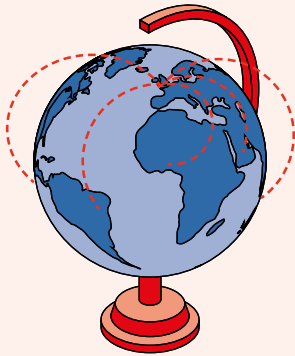
Laura Citron,
CEO,
London and Partners

“ The UK is at the heart of the global fintech revolution. Fintechs have benefitted from the UK's supportive environment which has enabled startups, entrepreneurs and businesses to thrive. Innovation within the sector aims to create a future of finance that is better for all.

Charlotte Crosswell,
CEO,
Innovate Finance

UK FINANCIAL AND PROFESSIONAL SERVICES: IN NUMBERS

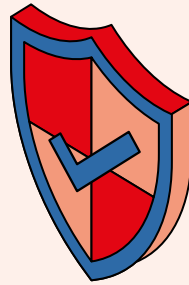
The UK supplies financial services to the world



£61bn

The UK has the **largest trade surplus** of financial services of any country¹

Home to the world's largest **specialty insurance market**²

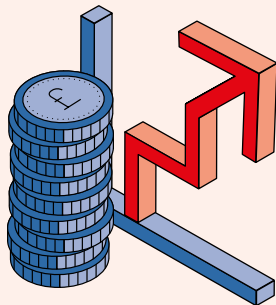
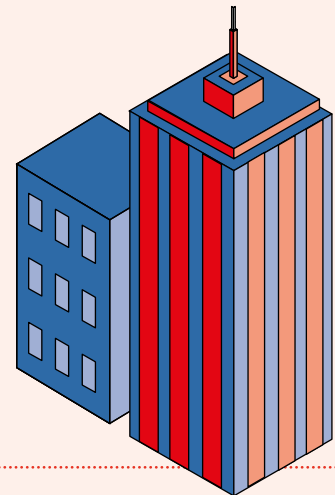


More dollars and euros traded in the UK

than in the US and the euro-area respectively²

£9.1tn

in assets under management⁴



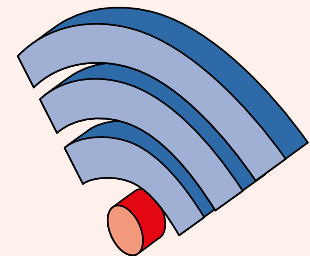
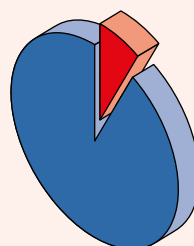
\$2.7tn

in forex managed through the UK daily — more than the next four largest centres combined⁴

2.3m

workers in financial and related professional services⁶

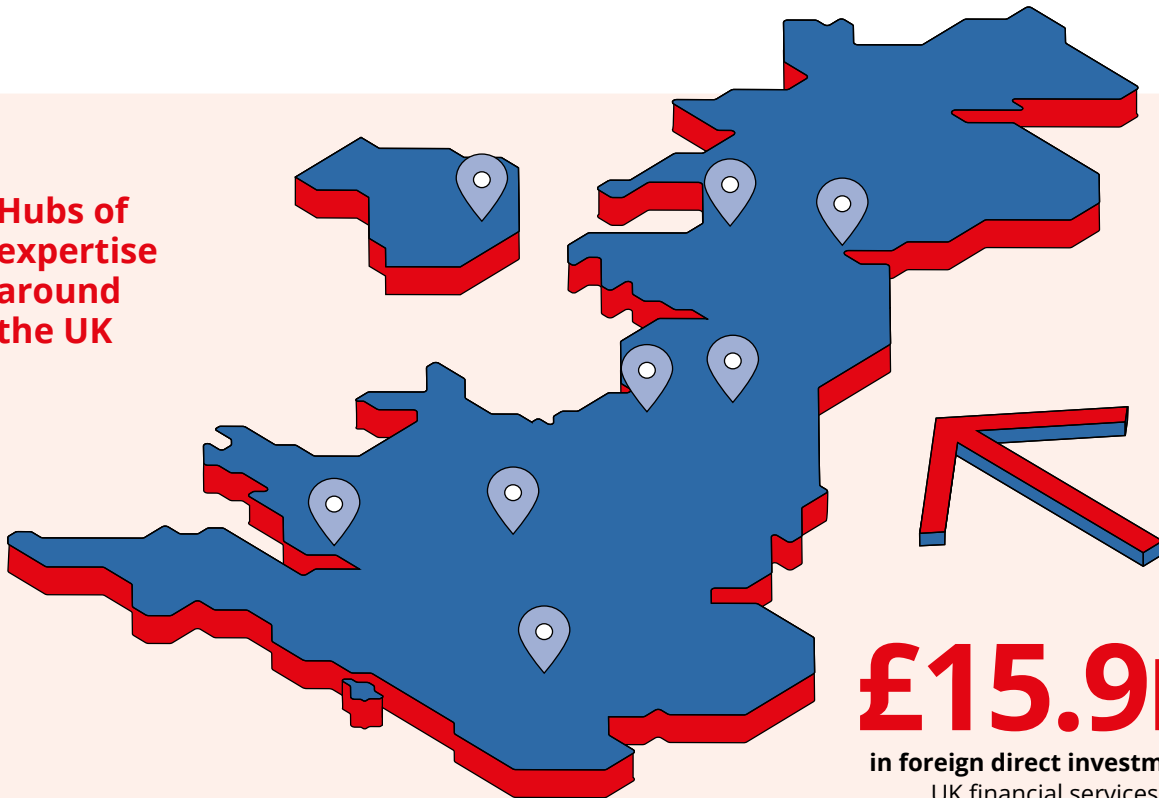
1 in 14 UK jobs



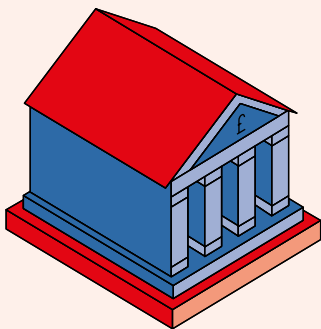
97%

superfast broadband coverage in 2020⁷

Hubs of expertise around the UK

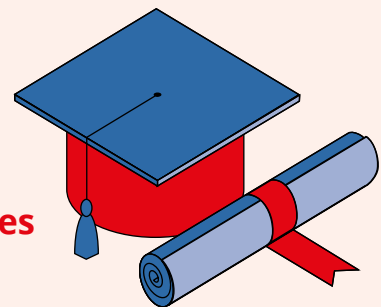


£15.9bn
in foreign direct investment into UK financial services in 2017⁸



Around **250** foreign banks present in the UK, servicing business and retail customers worldwide⁹

Four of the world's top ten universities are in the UK¹⁰



¹ Source: ONS, Pink Book, 2018 and UNCATD, Services: Exports and Imports by Service Category and by Trade Partner, 2019

² Source: The London Market Group, Why London Overview

³ Source: Bank of International Settlements Triennial Central Bank Survey of Foreign Exchange, 2016

⁴ Source: The Investment Association, Asset Management in the UK 2017-2018

⁵ Source: Reuters, 2018

⁶ Source: TheCityUK, Key Facts about UK Based Financial and Professional Services, 2019

⁷ Source: <https://www.gov.uk/government/news/need-for-speed-drives-9-billion-superfast-broadband-boost>

⁸ Source: ONS, Pink Book, 2018

⁹ Source: TheCityUK, Key Facts about the UK as an International Financial Centre, 2019

¹⁰ Source: Top Universities, University Rankings, 2019

CASE STUDIES

INNOVATION IN REGULATION

The Innovate programme, from the Financial Conduct Authority (FCA), enables regulated and unregulated businesses to bring innovative ideas into financial services. It tests new products in the real market through its regulatory sandbox, whilst protecting consumers. 80% of firms successfully tested in the sandbox are still operating.

Seen as global pioneers in regulating to support innovation, the FCA work in partnership with 38 international regulatory organisations through the Global Financial Innovation Network. The network supports innovative businesses to navigate between countries, test in multiple jurisdictions concurrently, and scale innovation across borders.¹¹

CHAMPIONING SUSTAINABLE INVESTMENT

The UK has a longstanding international reputation for spearheading impact investment. It has an established culture of impact enterprises, and there is a strong trend towards supporting sustainable, inclusive growth through investment among many major and mainstream players.

The establishment of the new Impact Investment Institute, supported by the City of London Corporation and the UK Government, consolidates the UK's initiatives around responsible investing. Bringing together investors, investees, asset owners, managers and intermediaries, social enterprises and business, the Institute will connect investors more closely with the social impact of their investments, and help to deepen the culture in the UK of investment in line with sustainable principles.

INTERNATIONALISING GREEN FINANCE

A pioneering forum for public and private collaboration in green finance, the Green Finance Institute's overarching mission is to accelerate the domestic and global transition to a zero-carbon and climate-resilient economy through mobilising capital.

The Green Finance Institute convenes and leads mission-led coalitions of UK and international partners to identify and unlock barriers to deploy capital at pace and scale towards impactful, real-economy outcomes.

The UK is also home to Moody's Green Bonds Assessment, S&P's Green Evaluation Service, and the London Stock Exchange's world leading Global Sustainable Investment Centre, as well as green finance audit and compliance services.

INSURING ANY ACTIVITY ANYWHERE

Benefitting from a vast concentration of experienced specialists in insurance and risk management, and deep capital pools, the London Market is the world's largest specialty risk market.¹² The specialism and reach of the Market makes it possible to insure virtually any risk in any location through London.

From insuring large scale solar energy projects and supporting global transition away from non-renewable energy, to writing the cyber insurance that is helping to future-proof the digital world, London is helping to enable the development of products and services of the future — worldwide.

With an international reputation for innovation, the UK specialises in working in partnership and leading global solutions.

GREENING THE BELT AND ROAD

The Belt and Road Initiative (BRI) is an ambitious undertaking to strengthen connectivity, infrastructure and trade across 65 countries. It is estimated that it will touch 69% of the world's population and 29% of the world's economy.¹³ The UK's global reach, expertise and deep capital markets will play a key role in both securing capital, and providing specialist advisory services to facilitate BRI projects.

As a global leader in green finance standards and practices, the UK is also playing a unique role in 'greening' the BRI. In 2018, the UK and China jointly published the Green Investment Principles for the Belt and Road. These voluntary principles aim to harmonise green infrastructure standards along the BRI, to increase the use of green financial products, and ultimately to vastly reduce the emissions footprint of the BRI.

FINTECH BRIDGES

A flagship of the UK's fintech policy, the network of fintech bridges formalises partnerships between the UK and key trade partner economies, and ensures that innovative firms in both partner countries can mutually access one another's markets. By collaborating on information sharing, regulation, best practice and horizon scanning, the agreements smooth bilateral trade flows, support international growth and enable access to international capital for firms in the sector.

The UK currently has fintech bridge agreements with Australia, Hong Kong, Singapore, China and Korea.

A NETWORK OF SUPPORT

The UK has a rich and dynamic ecosystem of trade associations covering financial and professional services UK-wide. These practitioner-led bodies provide an invaluable support network for firms. By joining relevant associations, firms benefit from representation of their views, alongside other support such as networking, training and access to resources and research.

CONNECTING INVESTORS AND INVESTMENTS ACROSS THE GLOBE

The London Stock Exchange is one of the world's most international capital markets and the destination of choice for both international firms and international investors. The UK's globally connected markets, concentration of internationally focused investors and deep, liquid capital markets have attracted firms from more than 70 countries around the world.

A joint project between the Shanghai Stock Exchange and the London Stock Exchange Group, the Shanghai-London Stock Connect provides UK listed companies the chance to be the first foreign companies eligible to list in mainland China, and directly access Chinese investors outside of domestic capital controls. In the other direction, it allows Shanghai-listed firms access to investors through London. Firms listed on either exchange can also trade global depository receipts on the counterparty market.

¹¹ Source: Financial Conduct Authority, Global Financial Innovation Network (GFIN)

¹² Source: The London Market Group, Why London Overview

¹³ Source: London Stock Exchange, The Belt and Road Initiative (BRI)

OUR GLOBAL OUTLOOK MEANS WE UNDERSTAND YOU

Home to the world's most international and connected financial centre, the UK provides access to the world's markets. Firms located here enjoy unparalleled human, market, physical and digital connectivity making it easy to do business globally.

£15.9bn in foreign direct investment into UK financial services in 2017¹⁴



¹⁴ Source: ONS, Pink Book, 2018

¹⁵ Source: HM Government, Beyond the Horizon: the Future of UK aviation, 2017

¹⁶ Source: Innovate Finance, 2018 FinTech VC Investment Landscape

¹⁷ Source: London Stock Exchange, Why Choose London and LSEG analysis

¹⁸ Source: TheCityUK, Global Trends in Islamic Finance and the UK Market, 2019 and Global Islamic Finance, Islamic Finance Country Index, 2019

¹⁹ Source: City of London Corporation, RMB Business Quarterly, 2019

²⁰ Source: London Stock Exchange Group, Masala Bonds factsheet, 2018

²¹ Source: TheCityUK, Key Facts about UK Based Financial and Professional Services, 2018

²² Source: City of London Corporation, Locate, Create and Innovate, 2019

²³ Source: Deloitte, London Futures, 2014

²⁴ Source: TheCityUK, Key Facts about the UK as an International Financial Centre, 2019

²⁵ Source: Deloitte, London Futures, 2014

²⁶ Source: TheCityUK, Legal Excellence - Internationally Renowned, 2018

²⁷ Source: ONS, Census data, 2011

²⁸ Source: GLA, London in Comparison with Other Global Cities, 2016

²⁹ Source: London School of Economics, Multilingualism in London: LUCIDE city report, 2015

³⁰ Source: <https://www.gov.uk/government/news/need-for-speed-drives-9-billion-superfast-broadband-boost>

³¹ Source: TheCityUK, Key Facts about UK Based Financial and Professional Services, 2019

A TRULY GLOBAL FINANCIAL CENTRE

Open to talent, investment and ideas from across the world — international in outlook, reach, and character: locating in the UK gives you access to the whole world.

Nowhere is better connected. Direct flights reach 370 international destinations in 100 countries¹⁵ and a network of expanding regional airports means that the whole of the UK is now within easy reach of anywhere on the planet. The UK's time zone ensures that our business hours overlap with every major market, east and west.

Global investors want to do business here, and we want to do business with the world. That is why 2017 saw £15.9bn in foreign direct investment flood into UK financial services — almost a third of total UK inward investment. London's fintech sector alone attracted multiples of the investment volumes seen in other European centres — a record \$3.3bn from venture capital and private equity.¹⁶

ACCESS TO THE WORLD'S MARKETS

Home to the world's most international exchange, the London Stock Exchange, the UK offers access to the world's most internationally connected markets and global pools of capital. There are more than 500 international firms listed on the London Stock Exchange, and around half of its investors are international.¹⁷ The UK is the Western hub for Islamic Finance including sukuk and Shariah-compliant exchange traded funds.¹⁸ It is the leading western centre for renminbi clearing, foreign exchange and payments.¹⁹ It is also the largest offshore centre for rupee denominated masala bonds.²⁰

By far the largest hub for foreign exchange worldwide, the UK also handles more than a third of the global secondary market turnover in international bonds.²¹



A time zone that means business hours overlap with major financial centres across the world

#1

Voted first choice centre for locating global teams by international business leaders²²



London is home to

40%

of top companies' global or regional European headquarters²³

The UK is home to around 250 foreign banks.²⁴ 60% of top non-European companies with European headquarters have chosen to locate them in the UK.²⁵ Five of the world's top 15 law firms have their main base of operations in the UK, and there are more than 200 foreign law firms from 40 jurisdictions with offices here.²⁶

A GLOBAL TALENT HUB

Global talent wants to be here. London is a truly international capital — the largest city in Western Europe, with a diverse population. A third of Londoners were born overseas²⁷, and 60% of its workforce is educated to tertiary level, making it the most highly skilled of the world's major business centres.²⁸ In London more than 230 languages are spoken by a diverse and internationally connected population.²⁹

The UK as a whole offers an outstanding quality of life for staff located here: from the Edinburgh festival to Wimbledon there is an offer that combines history and heritage with cutting-edge vibrancy in culture. This goes alongside dazzling natural environments, and an exceptional education system.

Access to this international talent pool is integral to the UK's success as a financial centre. The UK has introduced a start-up visa which will ensure

Outstanding digital connectivity with

97%

superfast broadband coverage by 2020³⁰

that we continue to attract the best people and maintain the UK's position as a top destination for innovation and entrepreneurs, including in our world-leading tech sector.

AN UNPARALLELED ECOSYSTEM

The UK's diverse ecosystem includes extraordinary hubs of expertise in centres country-wide including, Belfast, Birmingham, Cardiff, Edinburgh, Glasgow, Leeds and Manchester. Firms can recruit from a pool of financial and professional services talent that totals 2.3 million people.³¹

The UK offers a creative energy that spans the country's sectors and economy, a result of its open, curious and multi-cultural society, a world class education system, and an outstanding talent pool. It is an environment where business thrives.



22 Bishopsgate © Hayes Davidson

OUR DEPTH AND BREADTH OFFER UNPARALLELED OPPORTUNITIES FOR GROWTH

A business environment set up to help business thrive, the UK offers access to a vast range of products, services and market infrastructure – underpinned by unmatched specialist expertise.

PROXIMITY AND PRESTIGE

The UK's financial and professional services sector offers an extraordinary depth of services, products and expertise. From banking and insurance to asset management and foreign exchange; from green finance and management consultancy to venture capital and fintech, the UK has international scale in a range of sectors.

Locating in the UK offers all the benefits of being part of the world's largest and most diverse cluster of financial and professional services firms, including proximity to the clients, partners and capital that you need to thrive. It also offers the prestige and competitive advantage of being located at the heart of the world's markets: a UK presence boosts firms' brands and reputations.

40%

of corporate arbitrations internationally use English and Welsh law — more than twice as many as the next governing law³³

EASE OF DOING BUSINESS

The UK is one of the most business-friendly environments in the world. It is home to world leading entrepreneurs who thrive in an ecosystem that supports innovation and an infrastructure geared towards helping businesses to flourish.

The UK is the highest-ranking major European economy in the World Bank's Ease of Doing Business Index³⁴ — ninth globally — and has more flexible, liberal labour laws than many other European countries. We have the lowest statutory corporate tax rate of the G7 at 19%.³⁵

HOME OF THE WORLD'S BUSINESS LAW

Doing business here means benefitting from rule of law and a highly stable and predictable legal system which makes doing business safe. English and Welsh law governs most cross-border transactions.³⁶ The legal expertise available in the home of the world's business law is unmatched. British courts enjoy a worldwide reputation for quality and impartiality, which means they are trusted by international firms for a fair hearing.

SCALE AND REACH

The numbers speak for themselves. The UK has the highest global share of trading in US dollars and euros: almost twice as many dollars are traded in the UK than in the US, and more than twice as many euros are traded in the UK than in the Eurozone.³⁷ The value of international bonds issued in the UK stands at \$3.1tn, the largest in the world.³⁹ Foreign exchange through the UK

The highest ranking major European economy in the World Bank's Ease of Doing Business index

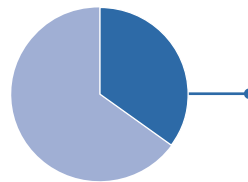


London is the largest centre for commercial and specialty insurance — larger than all of its closest competitors combined³⁸

stands at \$2.7tn daily, more than four next largest foreign exchange centres combined. London is the top location for over the counter interest rate derivatives.⁴⁰

London is the world's second largest fund management centre and 35% of all assets managed in Europe are managed in the UK.⁴¹ The insurance sector is the biggest in Europe and the fourth largest in the world, and London is by far the largest centre for commercial and specialty risk. The legal services sector is the second-largest globally.

The scale of London's offer translates into unrivalled depth in expertise. With one in fourteen people employed in the country working in financial and professional services, this depth is maintained across the UK.⁴²



35%

of all assets managed in Europe are managed in the UK



³² Source: ONS, UK Business Counts, 2018

³³ Source: QMUL, International Arbitration Study, 2010

³⁴ Source: World Bank, Ease of Doing Business Index, 2018

³⁵ Source: KPMG, Corporate Tax Rates Table, 2019

³⁶ Source: TheCityUK, Legal excellence, internationally renowned, 2018

³⁷ Source: Bank for International Settlements, Over-the-Counter Interest Rate Derivatives Turnover, 2016

³⁸ Source: The London Market Group, Why London Overview

³⁹ Source: Bank for International Settlements, Summary of Debt Securities Outstanding, 2019

⁴⁰ Source: Over-the-Counter Interest Rate Derivatives, 2018

⁴¹ Source: The Investment Association, Key Industry Statistics

⁴² Source: TheCityUK, Key Facts about UK Based Financial and Professional Services, 2019

INNOVATION IS WHAT WE DO, CREATING AN INSPIRATIONAL ECOSYSTEM WHERE YOU CAN THRIVE

Innovating over centuries, the UK has always been a champion of new products, creative solutions and entrepreneurial talent. It is home to the sectors that are already reshaping the financial world. Being here brings firms into the heart of a hub of innovation and thought leadership.

London attracted **£1.8bn** in tech funding in 2018, almost twice that of the next closest European centre⁴³

A HISTORY OF INNOVATION AND PARTNERSHIP

The UK's financial and professional services sector is continuing its centuries-long history of reinvention, in and across the country. With its enduring ability to look to the future, embracing new opportunities, markets and business models, the UK has innovated its way into becoming both a global powerhouse in the financial and professional services sector and a magnet for investment. Today, disruptive new companies and fresh ideas are driving not just competition but further innovation. Drawing on our renowned expertise, we partner the world on the solutions to global issues that are shaping the future of finance. From climate change to financial inclusion, from ethics in artificial intelligence to impact investment, we are working to ensure developments in the sector benefit people and places worldwide.

A SUPPORTIVE REGULATORY ENVIRONMENT

Our regulatory environment has support for innovation built into the heart of everything it does. Alongside market stability and consumer protection, the UK's Financial Conduct Authority has a mandate to support innovation and competition that is unique amongst major economy regulatory bodies.



Average early-stage funding per start-up in London is almost double the global average⁴⁴

\$486k
London average

\$284k
Global average

71%
fintech adoption rate among the public⁴⁵



Ranked joint first for fintech growth worldwide by Deloitte⁴⁶

A POWERHOUSE OF EVOLVING SECTORS

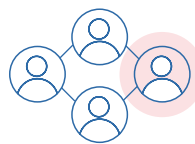
The UK's thriving fintech scene is evolving to reshape the future of the sector — working with financial centres across the world through fintech bridge agreements with Australia, Hong Kong, Singapore, China and Korea, as well as multiple other partnerships. The UK's leading edge sector is helping to reimagine the customer experience, deliver new client-centric products, services and solutions, and increasing the efficiency of more established players. There are 76,500 people employed in fintech across the UK, and this number is set to reach 105,500 by 2030.⁴⁷

The UK plays a leading role in the global green finance industry: from the Green Finance Institute — leading on the worldwide mobilisation of capital to meet climate challenges, to the London Stock Exchange's dedicated global sustainable investment centre. The London Stock Exchange is currently home to 100 plus green bonds, a similar number of green indices — and was the first to issue certified green covered bonds from China, India and the Middle East.

The UK is an engine room of expertise and capital in the cyber security services that are future-proofing business. The largest cyber market in Europe, and a major exporter of cyber security services, the UK's innovation in the space is supported by accelerators such as the London Office for Rapid Cyber Advancement and Cheltenham Innovation Centre.

A PIPELINE OF TALENT

Part of the bedrock of this innovation is the UK's world-renowned education system, which boasts four of the world's top ten universities and 27 of the top 200 universities in the world for accounting and finance subjects.⁴⁸



One in four entrepreneurs globally have two or more significant links with London entrepreneurs⁴⁹

⁴³ Source: London & Partners, London and UK Top European Tech Investment, 2019

⁴⁴ Source: Startup Genome, Global Startup Ecosystem Report, 2019

⁴⁵ Source: EY, Fintech Adoption Index, 2019

⁴⁶ Source: Deloitte, Connecting Global Fintech: Interim Hub Review, 2017

⁴⁷ Source: HM Treasury, Department for International Trade and Innovate Finance, State of the Nation, 2019

⁴⁸ Source: Top Universities, University Ranking, 2019 and Times Higher Education, World University Rankings, 2019

⁴⁹ Source: Tech Nation, Connection and Collaboration - Powering UK Tech and Driving the Economy, 2018

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Greening the Belt and Road

A UK-China collaboration

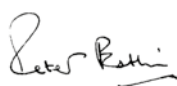


Foreword



Peter Estlin

The Rt Hon The Lord Mayor
of the City of London



Catherine McGuinness

Chair of Policy and Resources,
City of London Corporation



Financing Belt and Road Initiative (BRI) infrastructure brings not just opportunity, but also a responsibility to ensure that new infrastructure projects in BRI countries meet high environmental standards.

Globally, 70% of greenhouse gas emissions come from the construction and operation of infrastructure. As BRI countries will host significant new infrastructure in coming decades, greening the BRI is critical to building the low carbon development paths of many emerging countries for decades to come.

China and the UK are working in close partnership to further the international collaboration needed to achieve the ambitious endeavour of greening the BRI. In 2018, the UK and China jointly published the Green Investment Principles for

the Belt and Road. These voluntary principles aim to harmonise green infrastructure standards along the BRI, to increase the use of green financial products, and ultimately to vastly reduce the emissions footprint of the BRI.

China, a key trade partner and investor in many BRI countries, is in a natural position to shape the green growth of BRI trade corridors. Between 2013 and 2018, trade between China and other BRI countries amounted to \$6.47tn, which is phenomenal considering that total global merchandise exports in 2018 reached \$19.5tn.

The UK, with its concentration of 250 foreign banks, provides a global platform for multilateral development banks and private sector players to co-finance major BRI projects. The UK's professional services,

insurance and maritime firms also provide critical support to BRI deals' robust financing structures and ensure that risks are well mitigated and diversified.

Alongside supporting climate commitments, investments which fulfil internationally recognised green standards are commercially savvy, so offer investors a pathway to long-term stable returns.

Greening the BRI is a long-term vision. Partnership between China and the UK provides a once in a generation opportunity to set industry standards and mobilise private sector capital to accelerate a global low carbon transition.

Sources: City of London, World Economic Forum, The Belt and Road Portal, UNCTAD

www.theglobalcity.uk
www.cityoflondon.gov.uk



The Belt and Road Initiative

65+ countries
69% of the world's population
29% of the world's economy

SILK ROAD ECONOMIC BELT

21ST CENTURY MARTIME SILK ROAD

ARGENTINA

Located in the northern Argentine province of Jujuy, the Cauchari solar farm will generate up to 300 megawatts of electricity, enough to power 120,000 homes. As Argentina's largest solar farm, it will make a big contribution to Argentina's goal of having 20% of its energy supplied by renewables by 2025.

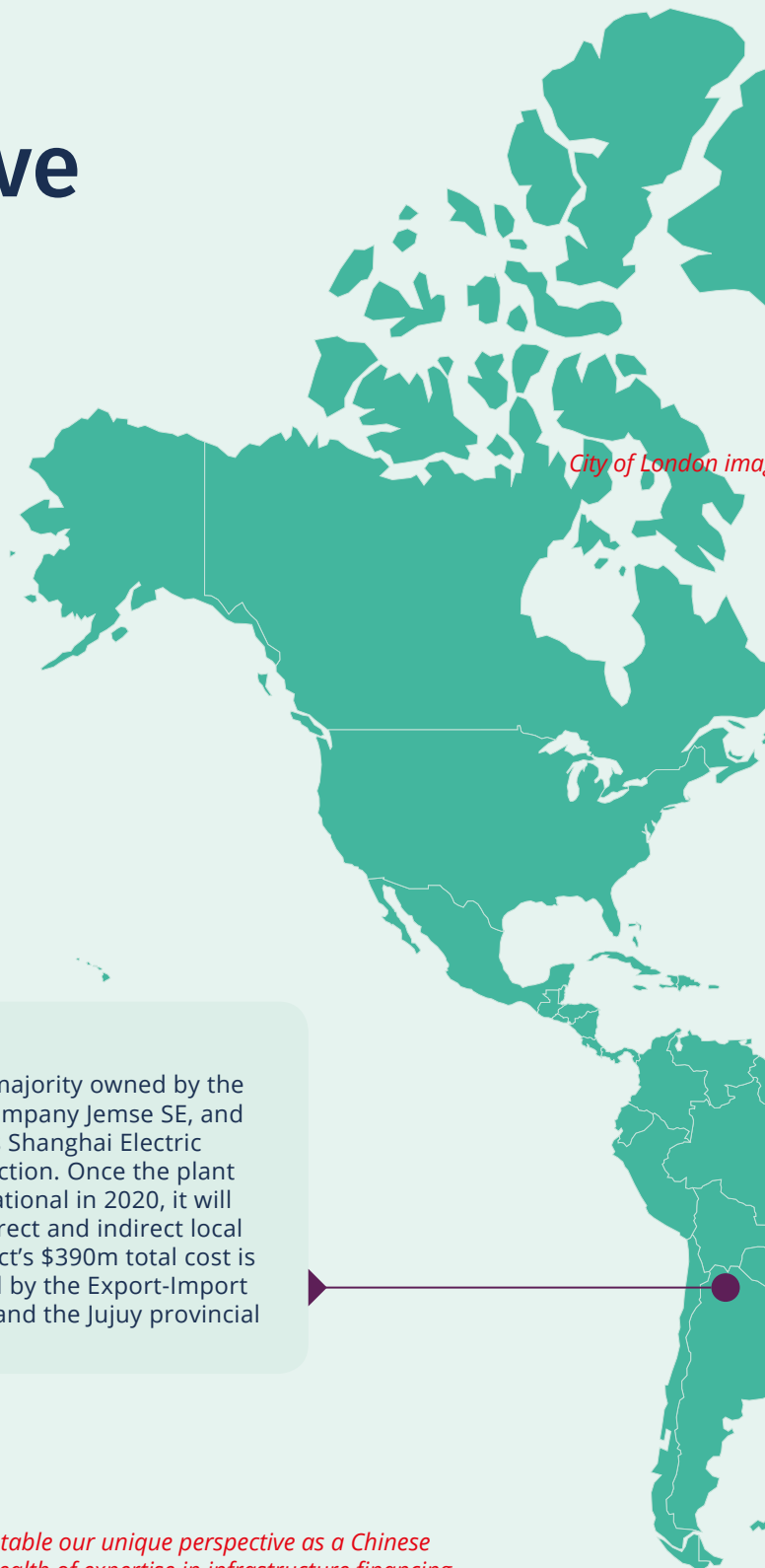
The project is majority owned by the Jujuy energy company Jemse SE, and built by China's Shanghai Electric Power Construction. Once the plant becomes operational in 2020, it will create 1,500 direct and indirect local jobs. The project's \$390m total cost is jointly financed by the Export-Import Bank of China and the Jujuy provincial government.*

"Large infrastructure projects like Benban often have complex funding models with many different parties. London's unique concentration of financial and professional services firms means we can easily gather the banking, legal, accounting and other experts together to most effectively structure the deal."

Harry Boyd-Carpenter,
Head of Power and Energy Utilities, European Bank for Reconstruction and Development

"We bring to the table our unique perspective as a Chinese bank, and our wealth of expertise in infrastructure financing accumulated in China, and we learn valuable lessons from our international banking partners. Together we can help scale up the BRI's sustainable development."

Fei Chen,
General Manager of the ICBC Luxembourg Branch





CHINA AND LUXEMBOURG

The 8,000 kilometers 'Silk Road in the Air' is a modern cargo air link between China's export hub Zhengzhou and Luxembourg, transporting 150,000 metric tons of cargo each year.

Operated by Cargolux since 2017, the new cargo route improved convenience and speed of ecommerce trade between China and Europe. This airborne trade route also complements growing maritime and railway connectivity across BRI countries.

Industrial and Commercial Bank of China provided financing for the deal through its Luxembourg branch. Its unique understanding of Zhengzhou as a transportation hub and established partnership with Cargolux gave it confidence for the financial viability of this BRI project.

EGYPT

Benban Solar Farms, are situated in the Western Desert, some 650km south of Cairo. Upon completion, Benban will produce enough electricity to power 1m homes. This will significantly help Egypt reach its goal of having 20% of its energy needs met by renewables.

Benban will also directly avoid 2m metric tons of carbon dioxide emissions that would otherwise have been created by alternative power generation sources.

The European Bank for Reconstruction and Development is providing financing for 16 out of Benban's 30 powerplants.

PAKISTAN

The Matiari to Lahore ±660kV High Voltage Direct Current Project is the first ever high voltage direct current power project, which will help Pakistan to significantly improve its energy reliability. It will also help upgrade Pakistan's domestic energy capability, technological advancement, power equipment supply chain and construction expertise and standards.

King & Wood Mallesons (KWM) provided legal advice to China Electric Power Equipment and Technology, which implemented the project. KWM utilised its in-depth understanding of both the Chinese and Pakistan legal and business environments. KWM's contribution kept the project's legal, political and operational risks to a minimum, which strengthened business certainty for its client, and helped Pakistan to access reliable electric energy sources.

"Making this project a success translated into financial reward for us and the other financiers, and clean energy supply for the end users in Saudi Arabia."

Wenjian Fang,
General Manager of Bank of China
London Branch

"BRI is a critical opportunity to achieve sustainable and inclusive growth across major trade corridors, and guide many emerging economies into a low emissions development pathway. With a network in over 100 BRI countries, PwC strives to be a key contributor to greening the BRI."

Gabriel Wong,
Global BRI Lead Partner, PwC

"Sustainability is a core value of ours and we ensure all projects we finance follow stringent and high standards. We see ourselves as not simply a service provider, but rather we aim to be a force for good along the BRI."

Carmen Ling,
Global Head of RMB Solutions
and Belt and Road, Standard
Chartered

DUBAI

Noor Energy / Dubai Electricity and Water Authority Phase IV Solar IPP project will be the largest single concentrated solar power project in the world. It will contribute significantly towards the achievement of the Dubai Integrated Energy Strategy 2030, which seeks to secure a sustainable supply of energy by diversifying energy supply sources.

Standard Chartered financed the project alongside Chinese, international and regional lenders. It also acted as the documentation bank for the project. This required having bilateral discussions with each of the other lenders, helping them to understand the project risks and negotiating on their behalf with the project sponsors – the companies or government institutions that lead on the project.

SAUDI ARABIA

The Sakaka solar plant will supply more than 75,000 households with green power while offsetting over 430,000 tonnes of CO2 emissions per year. The project will also create new employment opportunities in fields including construction, operations and maintenance.

Sakaka is the first utility scale photovoltaic plant in Saudi Arabia, and a core pillar to the Saudi 2030 vision, which looks to diversify the nation's reliance from oil to renewables.

Bank of China led the financing of Sakaka, committing \$100m out of the project's \$302m budget.

VIETNAM

The Vietnam integrated solar manufacturing base will be constructed by a leading Chinese solar company, with the end goal of helping Vietnam achieve its target of generating 6% of the country's electricity from solar by 2030.

Vietnam traditionally relied on coal, hydropower and gas energy sources. This major new investment will significantly help Vietnam reduce its carbon intensity and directly offer over 1,700 jobs to Vietnam's labour market.

PwC acted as the project's leading financial and commercial advisor. It conducted feasibility analysis to ensure Vietnam's business environment can support the manufacturing base construction and operation, and that the solar market of Asia Pacific countries can provide adequate demand for the end output.

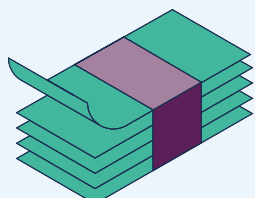
"Our in-depth understanding of both Chinese and international markets means we can uniquely help to bridge cultural gaps, which is critical because most BRI projects involve participants from different countries."

Jianwen Huang,
Senior Partner of KWM and Director in Chief of KWM Belt & Road
Center for International Cooperation and Facilitation

Sources: all stats within case studies are provided by the companies themselves.

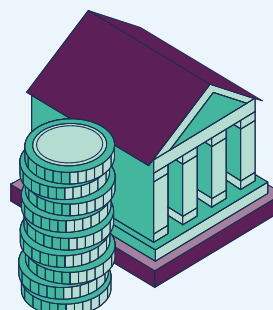
*The Renewable Energy Hub, China Dialogue, China Daily

Summary of opportunities

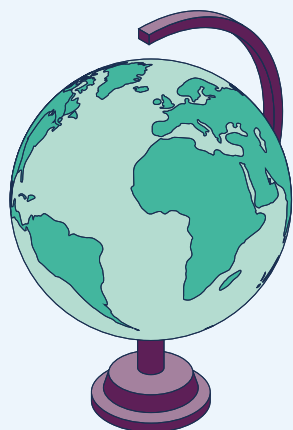


\$8tn

BRI investments are **expected by 2049**.



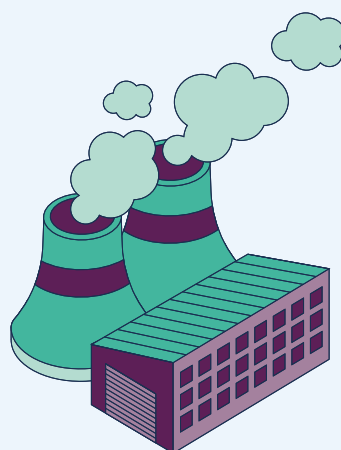
Multilateral development banks, private banks, investors and foreign governments are **expected to provide over half of all BRI funding by 2030**.



BRI is expected to **increase the GDP of East Asian and Pacific developing countries in the range of**

2.6% – 3.9%

on average.

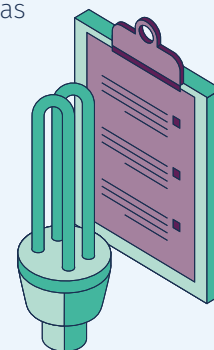


BRI countries currently account for

20%

of global greenhouse gas emissions but this ratio could rise to 2/3 by 2050.

Greening BRI is an opportunity to avoid such greenhouse gas emissions escalation.



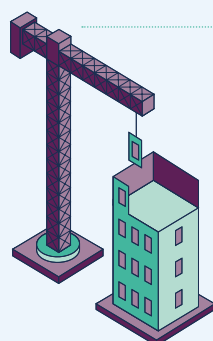
25

green BRI pilot projects

are designed under the **China led Belt and Road Ecological and Environmental Cooperation Plan**, with a goal to later share their successful green practices more widely.



Total trade between China and other BRI countries amounted \$6.47tn in 2013-2018. More than 80 economic and trade cooperation zones were built along BRI countries, creating over **244,000 local jobs**.



70%

of global greenhouse gas emissions come from construction and operation of infrastructure. As BRI countries will host most of the world's new infrastructure in coming decades, greening BRI is an imperative to meet the below 2 degree aspiration of the Paris Agreement.

Sources: HSBC, Baker McKenzie, Xinhua, Belt and Road Portal, The World Economic Forum, World Bank analysis



Sectors of opportunity

BANKING

BRI financing presents a significant opportunity for China UK collaboration. Chinese banks are key financiers for BRI projects due to their strong relationships with Chinese firms constructing or operating BRI projects. Many Chinese banks choose to structure their BRI financing through London - a global financial hub with a presence of 250 foreign banks - so they may co-finance projects with international banks.

\$8tn BRI investments are expected by 2049

Financing BRI growth can help banks generate long term sustainable return. Current annual investments into BRI projects is around \$150bn, but total BRI investments are expected to reach \$8tn by 2049. Meeting this growing need offers a significant opportunity.

As well as financing, international banks are also well positioned to provide expertise on the structuring of projects, provide currency and interest rate hedging services, offer trade finance services, and assist clients in issuing bonds on international capital markets.

The UK and China also jointly published the Green Investment Principles for the Belt and Road, to encourage sustainable financing practices and ultimately to reduce emissions of the BRI.

ASSET MANAGEMENT

Asset managers globally are searching for green investment opportunities, as environmentally friendly projects are more likely to continue generating good financial returns by appropriately accounting for climate risks.

The Global Sustainable Investment Association estimates 30% of investable assets globally include sustainability in their investment analysis. And HSBC found that 74% of investors consider financial returns a key factor in their decisions about sustainable investing.

30%
of investable assets globally include sustainability in their investment analysis

Meanwhile, wealth managers are also prompted by green conscious high-net-worth individual clients to increase sustainable investment. 38% of family offices globally are now engaged in sustainable

investing, and 45% plan to increase such investments in future years, according to UBS.

BRI countries will host the majority of the world's new energy and infrastructure projects over the coming decades. Green BRI projects, such as renewables and green buildings, will deliver attractive long term sustainable financial return.

They present substantial investment opportunities for green conscious asset and wealth managers.

INSURANCE

Chinese and British insurance companies are well placed to collaborate on diversifying risks for BRI infrastructure projects. Such collaboration will make good use of Chinese insurers' deep knowledge of BRI projects and existing Chinese client base and British insurers' long-standing professional experiences.

BRI countries have geopolitical, economic and social differences, meaning risk management is very

\$600bn of investments in BRI countries are insured by China Export & Credit Insurance Corp

important, and insurance is a fundamental risk management tool.

China Export & Credit Insurance Corp, an active player in the BRI insurance market, has insured more than \$600bn of investments in BRI

countries by the end of 2018. Future opportunities for other insurers are abundant, considering that BRI investments are to reach an estimated \$8tn by 2049.

Lloyd's of London, the world's oldest insurance market, founded in 1686, reaffirmed its ability to provide unique risk transfer solutions for BRI projects, when it hosted a visit by Chinese Premier Hu Chunhua in 2019.



MARITIME

Maritime trade is a key element of BRI connectivity, as 85% of world trade is carried by ships. Improved maritime infrastructure will reduce costs and increase efficiency and sustainability of BRI trade.

Significant opportunities exist for UK China green maritime collaboration. China is connected with 600 major international ports across 200 countries, a scale pointing to huge demand for maritime services.

The UK's maritime offer with respect to insurance, brokerage, law, accountancy and education is universally acknowledged as the best in the world.

The Lloyd's of London insurance market remains the preeminent maritime insurer and English law is used by most maritime contracts.

The UK is also pioneering green maritime research and development through the Maritime Research and

Innovation UK initiative, which brings together leading marine engineering companies and universities in the UK to find the latest maritime solutions, including green technology.

200 countries and 600 major international ports are connected with China, facilitating growing maritime trade flows

FINTECH

Fintech firms can contribute to greening the BRI by conducting analysis of consumer behaviour and use this intelligence to design solutions that incentivise environmentally friendly practices. Chinese fintech firm, Ant Financial is one clear example of a company using fintech to encourage a greener world.

The firm, which is fast expanding into BRI countries, is known for its

Ant Forest users collectively 'planted' 55.5m trees, reducing over 3m tons of CO2 emissions

mobile payment platform Alipay. The Alipay payment platform has an app called "Ant Forest", that users can voluntarily engage with to reduce their carbon footprint and encourage their social networks to do the same. Users that perform carbon-reducing

activities, such as paying bills online or walking to work, relative to a predetermined benchmark, are rewarded "green energy" points. As users accumulate enough points virtually, a real tree is planted.

400m people or 5% of the world's total population have used Ant Forest and collectively they're responsible for planting more than 55.5m trees, reducing over 3m tons of CO2 emissions.

PROFESSIONAL SERVICES

Legal, accounting and advisory services are critical to BRI projects' success. They help investors better mitigate risks and implement best industry practices, the combination of which work to secure better long-term sustainable returns.

Their advice is also critical in guiding clients to choose environmentally friendly BRI projects, and to keep project sustainability in check by enhancing corporate governance and sustainability disclosure measures.

Green BRI infrastructure projects provide abundant opportunities for professional services firms because their services are needed throughout a projects' entire life cycle. This includes initial project feasibility studies, legal documentations and advisory and financial reporting support during a project's construction and operation.

The Beijing-based law firm King & Wood Mallesons, for instance, has already participated in over 1,000 BRI projects across 34 BRI countries.

KWM's UK-based lawyers have contributed to many such projects, as English common law is widely used in many BRI countries.

King & Wood Mallesons provided legal advices to over 1,000 BRI projects across 34 BRI countries

Sources:

Banking sector:
HSBC, Baker McKenzie, FT

Asset Management sector:
Euromoney, UBS, HSBC

Insurance sector:
China Daily, Lloyd's

Fintech sector:
United Nations Digital Finance Task Force, The Diplomat

Maritime sector:
Maritime London

Professional Services sector:
King & Wood Mallesons

Committee Public Relations and Economic Development Sub (Policy and Resources) Committee	Dated: 10 October 2019
Subject: Corporate Affairs Update	Public
Report of: Bob Roberts, Director of Communications	For Information
Report author: Colton Richards, Senior Corporate Affairs Officer	

Summary

This report provides a monthly update of the Corporate Affairs team's activities in supporting the City Corporation's strategic political engagement.

The Corporate Affairs team coordinates and organises the City Corporation's political engagement and supports both Members and Officers in its delivery. The focus of this report is on the activity undertaken by the Policy Chair and the Lord Mayor.

The activities documented in this report focus largely on those lead by the Corporate Affairs team. Activities undertaken in partnership with other teams and/or departments are also included and have been appropriately termed.

Each area of activity is linked back to the objectives outlined in the Communications Business Plan.

The timeframe of this report spans the period lapsed between the previous and current meetings of this Sub Committee.

Recommendation

Members are asked to:

- Note this report.

Main Report

Strategic Objectives

1. To fulfil the objectives set out in the Communications Business Plan set out for the Corporate Affairs team.

Overview

2. Based on developments in the domestic political and economic landscape and in line with the City Corporation's corporate priorities, the Corporate Affairs Team has focused its activity in the areas of engagement listed below.

Brexit

3. Ahead of the United Kingdom's departure from the European Union, the Corporate Affairs team:
 - a. Monitored political developments in the UK and EU following the agreement between both parties to extend to the deadline for departure the UK's departure to 31 October;
 - b. Contributed to Brexit updates for the Policy Chair and Lord Mayor;
4. The above links to the following Business Plan objectives:
 - a. To have coordinated political engagement activity across the organisation;
 - b. To remain relevant in the policy-making and political sphere.

Domestic Political Engagement

5. The Corporate Affairs team organises engagement with key political representatives and decision-makers in government at local, regional and national levels and in September and October, this covers the annual party conference season.

Party Conferences

- a. The Liberal Democrat party conference took place 14-17 September in Bournemouth. The City Corporation held a private roundtable with the Social Market Foundation, a private dinner with key political and business attendees and the Policy Chair held meetings with Liberal Democrat figures.
 - b. The Labour Party conference took place 21-25 September in Brighton. The City Corporation held a private roundtable with the Institute for Public Policy Research (IPPR), a private dinner with key political and business attendees and the Policy Chair held meetings with Labour figures.
 - c. The Corporate Affairs team will also be leading the City Corporation's activity at the Conservative, Scottish National Party Conference and other conferences taking place. Members of this committee will receive a full update when conference season has ended.
6. The above links to the following Business Plan objectives:
 - a. To remain relevant in the policy-making and political sphere;
 - b. To bring stakeholders together to discuss policy issues that affect them, and subsequently deliver on any desired outcome of that discussion.

National Engagement

- a. Issued Public Policy Bulletins on the Government's Spending Review and on the state of play in Parliament following the summer parliamentary recess, alongside the REM office.
- b. Led on co-ordinating internal guidance on engagement rules during the period of a general election.
- c. Briefed colleagues on key policy developments from the Labour Party, notably on proposals for a financial transaction tax.

- d. Provided the Policy Chair with a speech at a dinner with the Association of Leading Visitor Attractions, which took place on 12 September.
 - e. Coordinated the briefing for the Policy Chair ahead of a roundtable convened by the Chancellor of the Exchequer on 2 September.
 - f. Supported the briefing for the Policy Chair and Lord Mayor's meeting with Andrew Griffith, the Prime Minister's Chief Business Adviser on 6 September.
7. The above links to the following Business Plan objectives:
- a. To deliver clear, consistent and confident public messaging across the City Corporation;
 - b. To have coordinated political engagement activity across the organisation;
 - c. To remain relevant in the policy-making and political sphere;
 - d. To bring stakeholders together to discuss policy issues that affect them, and subsequently deliver on any desired outcome of that discussion.

International Engagement

8. The Corporate Affairs team assists the City Corporation's overseas engagements undertaken by the Policy Chair and Lord Mayor. The Corporate Affairs team:
- a. Attended and fed into a meeting on the City Corporation's engagement with the Commonwealth.
 - b. Provided the Policy Chair with words for closing remarks at the 23rd World Conference of Banking Institutes.
 - c. Supported the briefing for Members and Chief Officers attending the International Trade Dinner at Mansion House on 5 September.
 - d. Provided the Policy Chair with a speech to open London International Shipping Week on 3 September.
 - e. Provided the Policy Chair with a speech for the Asian Financial Cooperation International Forum on 3 September.
 - f. Provided the Policy Chair with a speech for the UK-China Business Leaders Forum and Dinner on 3 September.
9. The above links to the following Business Plan objectives:
- a. To deliver clear, consistent and confident public messaging across the City Corporation.

London – Local engagement and London promotion

10. The Corporate Affairs team seeks to maintain and develop the City Corporation's engagement with communities, bodies and authorities across London. The Corporate Affairs team:
- a. At the Liberal Democrat party conference, the Policy Chair met Siobhan Benita, the party's candidate at the 2020 London mayoral election. The Policy Chair will be seeing the Conservative candidate, Shaun Bailey, at the Conservative Party conference.
 - b. Briefed the Policy Chair ahead of her regular engagements with London Councils and Central London Forward;
 - c. Supported preparations for the Centre for London's annual 'London Conference', which the City Corporation is sponsoring.
 - d. Continued engagement with London boroughs.

- e. The City Corporate is sponsoring a children's book on the City by Guy Fox History Project and workshops with schoolchildren are taking place over the coming weeks.

11. The above links to the following Business Plan objectives:

- a. To have coordinated political engagement activity across the organisation;
- b. To remain relevant in the policy-making and political sphere;
- c. To bring stakeholders together to discuss policy issues that affect them, and subsequently deliver on any desired outcome of that discussion.

Think-tanks and third-party organisations

12. As part of the City Corporation's engagement with think tanks and other external organisations, the Corporate Affairs team:

- a. Briefed the Policy Chair and accompanied her to a meeting of the IPPR's Commission on Environmental Justice, a two-year programme aimed at setting out a series of policies to establish an environmentally sustainable UK economy, which the City Corporation is sponsoring.
- b. A roundtable was held on 9 September with the New Economics Foundation to discuss the Labour Party's proposals for Inclusive Ownership Funds.

13. The above links to the following Business Plan objectives:

- a. To bring stakeholders together to discuss policy issues that affect them, and subsequently deliver on any desired outcome of that discussion.

Priorities for the next quarter

14. Priorities for the Corporate Affairs team over the next four months are:

- a. Delivering the City Corporation's attendance and activities at the remaining Autumn party conferences.
- b. Engaging with the new Government in place
- c. Organising the next wave of London Borough meetings for the Policy Chair, with the aim of having organised engagement with all 32 boroughs by the end of the year.
- d. Continuing to effectively communicate **(a)** Brexit messaging and associated risks/opportunities and **(b)** the London Fundamentals messaging, to key political stakeholders
- e. Monitoring developments between the UK and the EU ahead of the October 31st Brexit deadline;
- f. Continuing with the sports engagement programme which is the subject of a separate report to this Committee, every quarter.

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Committee(s)	Dated:
Public Relations and Economic Development Sub-Committee	10 October 2019
Subject: Parliamentary Team Update	Public
Report of: Paul Double, City Remembrancer	For Information
Report author: Emma Wade, Senior Parliamentary Engagement Officer	

Summary

This report updates Members on the main elements of the Parliamentary Team's activity in support of the City of London Corporation's political and parliamentary engagement. An oral update will be provided at the meeting on the Government's Brexit parliamentary programme.

This report is written with reference to the top line parliamentary objectives and deliverables of the Remembrancer's Office Departmental Business Plan 2019-20. For the Committee's reference, these are set out in the appendix.

This report covers the period since the last meeting of the Public Relations and Economic Development Sub Committee on 10 September.

Recommendation

Members are asked to note the report.

Main Report

Prorogation and the Supreme Court

1. The Remembrancer's note on the Supreme Court's decision was sent to members of this Committee. A further oral update will be provided at your Sub Committee meeting.

Party Conferences

2. The Remembrancer attended the City Corporation dinners at the Lib Dem, Labour and Conservative party conferences. A member of the Parliamentary Team covered each conference to report on matters of City interest, with particular focus on the fringe events. The Team's reports, which were incorporated with the Policy Chair's reflections and Corporate Affairs' commentary on City Corporation events, were sent to Members following the end of each conference.

Brexit legislation (Objective 1)

3. The Supreme Court's decision that prorogation was unlawful means that Bills and all parliamentary proceedings are regarded as extant and will progress as though prorogation had not happened.

City Corporation legislation (Objective 2)

4. Following approval by London Councils' Transport and Environment Committee on 21 March, the Private Member's Bill relating to air quality has been further developed. A parliamentary engagement plan will be triggered as soon as the Bill is introduced. Lord Tope (a vice president of London Councils) has indicated his willingness to act as Sponsor. A meeting was held with House officials on 20 August to discuss procedural and drafting aspects. The Office has continued to discuss technical procedural matters with the House authorities. At their request the Remembrancer submitted a paper in support of the view that the measure would not be hybrid on introduction. The Remembrancer was notified on 21 September that this view had been accepted. Assuming the new session of Parliament is opened on 14 October, it is intended that the Bill will be entered into the ballot in the new session. This will determine how soon the introduction and first reading will take place. Exploratory discussions on handling if, for any reason, the Queen's Speech does not take place as timed have taken place.
5. Following the decision of the Court on 25 April that the City Corporation's three wholesale markets should be relocated, work on a private bill relating to the relocation of the City Corporation's markets is being further developed. The Remembrancer wrote to relevant MPs, All-Party Parliamentary Groups, Committees, and GLA Assembly Members to draw their attention to the public consultation. The Remembrancer and Director of the Markets Consolidation Programme met with the Chair of the Markets All-Party Parliamentary Group (who has agreed to sponsor the Bill) to discuss procedural aspects of the City Corporation's plans.

Parliamentary and Government inquiries (Objective 3)

6. Working with colleagues in Innovation & Growth the Office is preparing submissions to several select committee inquiries, including UK-China trade (International Trade Committee), the UK's strategic engagement in Africa (Foreign Affairs Committee), and prosperity, peace and development in sub-Saharan Africa (Lords International Relations Committee).
7. A submission is also being prepared in collaboration with Markets & Consumer Protection for the EFRA Committee inquiry into puppy smuggling.
8. In cooperation with IG, GSMD, the Barbican and other stakeholders, a response to the Immigration White Paper consultation is being prepared.

Responding to issues raised in Parliament (Objective 4)

9. Written parliamentary questions have been drafted for submission in conjunction with colleagues in Markets & Consumer Protection. They relate to Corporation 'no deal' Brexit concerns from the perspective of port health and animal health services.

Enhancing Parliamentary engagement (Objective 5)

10. The Office prepared the briefing for, and attended, the Policy Chair's meeting on 26 September with Chuka Umunna (Lib Dem), spokesperson for Foreign and Commonwealth Affairs, International Development and International Trade.
11. Preparations are in hand for a meeting on 21 October in the House of Commons to discuss the Lord Mayor's role in supporting commercial diplomacy. Business representatives, stakeholders and politicians will be invited.
12. The Office is organising a private roundtable on 22 October with the Commons International Trade Select Committee (chaired by Angus MacNeil), to discuss UK-US-China trade and the City Corporation's international engagement programme. The Policy Chair will lead a delegation of industry representatives from a variety of financial services sub-sectors with a particular interest in these markets.
13. Discussions have been had with Treasury Select Committee clerks regarding the Committee's forward programme of work, following the appointment of its Chair, Nicky Morgan, as the new DCMS Secretary of State. The Office will seek a meeting between the new Chair and the Chair of Policy and Resources when the House returns in October. Letters have been prepared outlining the City Corporation's key priorities which will be sent by the Policy Chair to all of the candidates pre-election.

GLA and the devolved institutions (Objective 6)

14. Working with Open Spaces, the Office is preparing a submission to the GLA Environment Committee's inquiry into the environment and Londoners' quality of life.
15. Caroline Russell (Green), the chair of the GLA's Environment Committee, has accepted a meeting, arrangements for which are ongoing, to brief her on the City Corporation's environmental initiatives, including the air quality Bill.

Key priorities over the next month

16. To ensure the air quality proposals are configured to fit into the new parliamentary timetable.
17. Work will continue in support of the markets' relocation programme and the introduction of private bill.

18. Following the Government reshuffle, the Office is undertaking a re-assessment of key parliamentary stakeholders, with a mind to enhancing City Corporation parliamentary engagement across a range of issues. In addition, meetings are being planned between the Policy Chair and the following MPs:

- Wes Streeting (Lab), member of the Treasury Select Committee and Deputy Chair of the APPG on Wholesale Finance, to discuss the work of the APPG and opportunities for further engagement;
- Ed Davey (Lib Dem), Treasury Spokesperson;
- SNP Westminster Group – a private roundtable with industry to discuss global trade in financial services.

Emma Wade

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Appendix: Parliamentary Team Objectives

1. Propose amendments or new clauses to Brexit-related legislation to reflect City Corporation views and report on the progress of such legislation to Members.
2. Draft and secure the passage through Parliament of City Corporation legislation, with a particular focus on securing legislation on relocating the City's markets and gaining support for the provisions included in a Private Member's Bill on air quality.
3. Make submissions to Parliamentary committee inquiries into relevant City Corporation issues in collaboration with the Economic Development Office (now Innovation and Growth) and other departments.
4. Respond to any issues or concerns raised in Parliament in either debates or tabled questions through briefing relevant MPs and Peers.
5. Enhance Parliamentary engagement through direct contact with members of both Houses on key issues and with relevant All-Party Parliamentary Groups.
6. Enhance engagement with the Greater London Assembly and the devolved institutions on matters of interest to the City through briefings and submissions to relevant inquiries.

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Committee: Public Relations and Economic Development Sub Committee	Date: 10 th October 2019
Subject: Sport Engagement – Progress Update	Public
Report of: Director of Communications	For Information
Report author: Sam Hutchings, Sport Engagement Manager	

Summary

This report forms part of the quarterly updates provided to this Sub Committee on sport engagement work being undertaken by Sport Engagement Manager for the City of London Corporation

The Sport Engagement Manager has been in post since 10th June this year and has helped facilitate events to celebrate the Major League Baseball London Series and the World Para Swimming Championships in London. He has also met with relevant officers from across the organisation to discuss the new sport engagement approach and visited all the sports facilities provided at the City's open spaces and within the square mile.

This report provides an update on this work and also provides details on promotional material to be used at sport engagement events as well as plans to celebrate sport events in the near future.

Recommendation

Members are recommended to:

- note the contents of this report.

Main Report

Background

1. Members of this Sub Committee recently agreed that the City of London Corporation should adopt a more pro-active and strategic approach towards sport engagement and that a new post be created to oversee this work. These proposals were subsequently endorsed by the Resource Allocation Sub Committee and the Policy and Resources Committee. In addition, this Sub Committee's Terms of Reference now reflect its responsibility for overseeing sport engagement matters.

2. Since 10th June this year a full-time permanent Sport Engagement Manager (SEM) has been in post. The SEM's primary role is to engage with external stakeholders and partners on sport initiatives and events that align with the City Corporation's corporate priorities, as set out in the Corporate Plan 2018-22. In the past this has primarily been focused on our support for celebrating Major Sport Events in London, but this now also extends to our support for Mass Participation Events and local community sport events in the Square Mile and across our Open Spaces. The intention is to ensure that all the City Corporation's stakeholders, including residents, workers, school pupils and local users will benefit from this new approach to sport engagement.

Sport Celebrations

3. Under the City Corporation's new approach to sport engagement, the SEM has actively sought to engage with partners to celebrate major sport events taking place in London and the UK. Events that have taken place since the last report on sport engagement include:
 - Cricket World Cup 2019 – in addition to hosting a number of operational meetings in the lead up to the World Cup, the SEM helped to facilitate a tour of the trophy following England's win in the final which included a visit to Sir John Cass Primary School on 17th September. In return for the City Corporation's support for the tournament, a number of tickets were offered to pupils from the City schools and academies to watch a game at the Oval. The Vice Chair of Policy was also invited to attend a match as a guest of the organisers. Discussions are ongoing with the English Cricket Board about an opportunity to celebrate the achievements of the men's and women's England cricket teams – possibly through a freedom ceremony - although this is unlikely to occur until next year following international tours;
 - Major League Baseball (MLB) Business Networking Event – an informal business lunch was held at Mansion House on Saturday 29th June prior to the first game of the MLB London Series between the New York Yankees and the Boston Red Sox. The arrangements for the event were supported by British American Business and guests included senior representatives from businesses based in the Square Mile as well as executives from MLB. After the lunch, guests were invited by MLB to continue discussions at the London Stadium and to watch the game; and
 - World Para Swimming Championships Reception – a reception was held at Guildhall to mark the start of the swimming championships on Sunday 8th September. Guests included representatives from British Swimming, the International Paralympic Committee (IPC) and visiting country delegations participating in the competition. During the evening, the President of the IPC spoke positively about the desirability of London as a sport destination and he praised the City Corporation's help in celebrating and promoting disability sport. To reflect this gratitude, 25 tickets to the daytime heats session were offered to pupils at the City Academy Hackney.

4. There are also a number of events planned to take place in the near future to mark upcoming sport occasions and initiatives. These include:
- Women in Sport Conference – following an approach by the organisation ‘Everything in Sport’, the Vice Chair of Policy has agreed to participate in a panel discussion at its flagship ‘Women in Sport’ conference due to take place at the London Stadium on 3rd December 2019. The panel will look at options for achieving equality in sport by looking at approaches undertaken in the business world;
 - UK Sport International Relations Seminar – UK Sport has approached the City Corporation to see if it would be willing to host its annual International Relations Seminar on Monday 27th January 2020. The event would be in partnership with UK Sport, the British Olympic Association and the British Paralympic Association and the keynote speaker is expected to be the CEO of the Paris 2024, presenting on the planning and ambitions of Paris in hosting the 2024 Games. A networking reception and VIP dinner will take place after the seminar and it is anticipated that the Policy Chair and/or Lord Mayor will speak at the event;
 - Community Sport Events – discussions have taken place with London Sport - the pan-London body responsible for increasing sports participation and physical activity in the Capital on behalf of the Mayor - about the prospect of collaborating on some research to demonstrate the social and economic value of sport in parks and open spaces across London. It is hoped that, subject to resourcing and necessary approvals, this will be launched in spring next year and should be an excellent opportunity to showcase the City Corporation’s support for sport through its open spaces provision and also connect with businesses involved in grassroots sport. Along with this, consideration is being given to recognising the important role of sport volunteers, possibly through City Freedoms and/or a celebration event;
 - Night of 10kpbs - in view of the close relationship that already exists between Hampstead Heath and UK athletics, options are being explored to help support the ‘Night of 10kpbs’ running event that takes place each year on Parliament Hill athletics track. In 2020 the event will be held in early June and used to determine qualification for Team GB athletes in the Tokyo Olympic Games. Options for support include waiving costs for using the track and assistance with the VIP hosting arrangements. In return for this support, the City Corporation would need to be appropriately recognised and receive branding rights at the event;
 - Euro 2020 – officers are working closely with the Mayor of London’s major sport events team to look at ways the City Corporation can help celebrate the Euro 2020 football championships next year. A number of group games as well as the semi-finals and final will be taking place at Wembley Stadium. It is anticipated that some form of hospitality may be requested from the City Corporation, as well as supporting the street dressing and cultural plans for the tournament;

- Tokyo Olympics 2020 – discussions are ongoing with the British Olympic Association and the UK Embassy in Japan about the possibility of the Lord Mayor attending the start of the Olympic Games in Tokyo next summer. This would be dependent on appropriate accreditation for the Games and having a worthwhile and significant business, sport and cultural programme during the competition. It is also expected that the Lord Mayor would be part of any official celebrations to welcome Team GB to Japan;
- UK Active National Summit 2020 – approval is being sought to use the Guildhall complex for the UK Active National Summit next year. The summit is the showpiece event for UK Active where they launch new initiatives and research into issues such as workplace health and wellbeing and helping young people get more active. Guests include leading government and industry representatives and, as a key sponsor, the City Corporation should expect to be fully involved in guiding the objectives for next year's event; and
- Champions League 2023 – Members may be aware that UEFA has just confirmed that London will host the 2023 Champions League final at Wembley Stadium. Prior to this announcement, informal approval had been given by the Hospitality Working Party for the City Corporation to host the official Champions League Celebration Party at Guildhall on the evening prior to the game.

Sport Engagement

5. A fundamental part of the City Corporation's new sport engagement approach is to engage more positively and pro-actively with key partners involved in delivering and overseeing sport activities. Through this engagement the City Corporation will be able to seek out new opportunities to take forward its corporate aims and also reach new audiences and enhance recognition for its role in supporting sport. In addition to regular dialogue with key strategic partners such as the GLA and UK Sport, ongoing engagement has also continued with UK Active, London Sport, London & Partners and various sport governing bodies.
6. During the summer the SEM visited the City Corporation's leisure centre on Golden Lane and all the sports facilities across our open spaces. Initial findings show that, through its open spaces, the City Corporation supports and funds a large number of sport activities across London. Further work will be undertaken by officers to look at options for enhancing the City Corporation's sport facility and activity provision across the Square Mile and its Open Spaces and reported back to this Sub Committee in due course. As part of this, the SEM will also be visiting a number of City schools in the coming months.
7. In return for the support provided by the City Corporation to help celebrate major sport events, tickets to watch the relevant competition are sometimes offered by the organisers and/or government agency. Following comments made by Members at previous meetings of this Sub Committee, it was felt that guidelines should be adopted for the allocation of tickets and these have now been shared separately with the Sub Committee.

8. In support of the new sport engagement approach, work is being undertaken to improve communication and promotion of the City Corporation's contribution to sport. This includes:
 - Setting up a new email address for external users with general enquiries relating to sport (sport@cityoflondon.gov.uk);
 - Bringing together a new webpage on the City Corporation site to direct people to the various sport activities we support (www.cityoflondon.gov.uk/sport);
 - Commissioning the design of new promotional material (including banners) to be used at events to promote the City Corporation's objectives around sport, which focus on our commitment to:
 - Celebrating Sporting Success
 - Inspiring an Active City
 - Supporting a Healthy City
 - There is also a plan to produce an online interactive map of the City Corporation's sports facilities and activities across the Square Mile and beyond.
9. Sport Engagement allows the City Corporation to engage with new and diverse audiences and supports the City of London Corporate Plan for 2018-23 by:
 - Contributing to a flourishing society through sport participation and encouraging sporting success
 - Shaping outstanding environments by utilising our assets and open spaces to encourage physical activity and wellbeing
 - Supporting a thriving economy by showcasing London as a global sports destination and encouraging economic development from major sport events
10. Members will be aware that a separate strategy on sport and physical activity is being prepared by officers. At the last meeting of the Court of Common Council Members agreed a motion unanimously on the City Corporation's future support for sport and physical activity.

Conclusion

11. As this report demonstrates, a great deal of work has already been undertaken in order to ensure the City of London's new sport engagement approach is a success. Many key partner organisations involved in sport promotion are keen to engage with the City Corporation to take forward this approach. There are also a number of Major Sport Event opportunities for the City Corporation to support and it is anticipated that this will continue to increase as the future schedule develops.

Sam Hutchings

Sports Engagement Manager, Corporate Affairs

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Committee(s): Public Relations and Economic Development Sub Committee	Dated: 10 October 2019
Subject: Party Conferences Report	Public
Report of: Bob Roberts, Director of Communications	For Information
Report author: Eugenie de Naurois, Head of Corporate Affairs	

Summary

The City of London Corporation delivers a programme of engagement at annual Liberal Democrat, Labour, Conservative, SNP and Green party conferences.

Members and officers attend these party conferences on behalf of the City Corporation, representing the organisation through attendance of City Corporation organised events, fringe events, bilateral meetings with political and business representatives and other networking opportunities.

This report provides Members with a summary of how party conference engagements are organised, who attends on behalf of the organisation and a breakdown of the costs of this year's party conference activities.

Recommendations

Members are asked to:

- note the summary of how party conferences are organised, who attends on behalf of the organisation and a breakdown of the costs of the last two years' party conference activities; and
- discuss the current arrangements and provide a steer on future arrangements so a report with further proposals may be produced.

Main Report

Background

1. The City of London Corporation attends annual political party conferences, including the Liberal Democrat, Labour, Conservative, SNP and Green party conferences.
2. The City Corporation organises and sponsors both public and private events at Liberal Democrat, Labour and Conservative party conferences. In previous years the City Corporation has also hosted events at the Scottish National Party (SNP) conference.

3. The purpose of the City Corporation's activities at party conferences is to deliver a programme of strategic engagement on issues of importance to the organisation with relevant Ministers, politicians, policymakers and business figures.
4. City Corporation activities are considered on a yearly basis to adapt to the current political environment. However traditionally the City Corporation organises:
 - a. An invitation-only roundtable in partnership with a think tank at the Liberal Democrat, Labour and Conservative Party Conference. This roundtable is chaired by the Policy Chair and two members of PRED are invited to attend at the discretion of the former.
 - b. An invitation-only dinner hosting on average 50 people at the Liberal Democrat Conference, 100 people at Labour and 100 people at Conservative Conferences. The dinners bring together key local, regional and national political representatives, businesses, think tanks and academics. The Policy Chair gives a keynote speech as well as an external guest.
 - c. An additional open fringe event in partnership with a think tank at the Conference of the party in Government.
5. In May 2015 the PRED Sub Committee meeting it was decided all Members of this Public Relations and Economic Development Sub (Policy and Resources) Committee could attend party conference as City of London Corporation representatives as well as attending the City Corporation's private dinners. In addition, all Members of the City Corporation receive an invitation to the City Corporation's private dinners at Liberal Democrat, Labour and Conservative party conferences, provided they are already attending the aforementioned conferences in either a personal or professional capacity.
6. The number of Members attending party conference has increased due to the above-mentioned Committee decision and growing interest in Party conference in light of the current political context.
 - a. In 2016, 6 members attended the Liberal Democrat party conference, 6 members attended the Labour party conference and 6 members attended the Conservative party conference, one member attended the SNP conference
 - b. In 2017, 3 members attended the Liberal democrat conference, 10 members attended the Labour party conference, 13 members attended the Conservative party conference, one member attended the SNP Conference
 - c. In 2018, 7 members attended the Liberal democrat conference, 11 members attended the Labour party conference, 14 members attended the Conservative party conference, one member attended the SNP Conference

- d. In 2019, 9 Members attended Liberal Democrat party conference; 15 Members attended Labour Party conference; and 15 Members attended Conservative party conference. One member will attend the SNP Conference and one Member will attend the Green conference
7. In 2019, seven officers attended the Liberal Democrat Party conference, nine officers the Labour Party conference, nine officers the Conservative Party conference. Two officers will attend the SNP conference and one officer will attend Green Party Conference. Officers come from Communications Team, Remembrancer's Office, Innovation and Growth Directorate and CBT. The number of officers has remained relatively stable since 2016.
 8. The increase in Corporation presence, the incremental rise in costs more generally and the expansion of the Corporation dinners have cumulatively led to the increase in the cost of delivering the City Corporation's party conference programme. This has not been matched by an increase in the local budget financing the activity.
 9. The costs associated with Party Conference activity include:
 - a. Think tank partnerships: The City Corporation partners on average with four different think tanks throughout the season.
 - b. Dinner costs: venue hire, catering (wine, three-course meal), AV
 - c. Accommodation: members are provided with two nights' accommodation. To note that last minute cancellations are never refundable due to the fact that many hotels are booked out nine months ahead.
 - d. Party Conference passes: members are provided with a two-day commercial party conference pass on the days they select. Once again, passes are not refundable by the parties unless there are serious circumstances
 - e. Travel expenses: members are asked to book their own 1st class travel which they can then expense to the Corporate Affairs team
 - f. Subsistence: members are asked to send their expenses to the Corporate Affairs team.
 10. In 2013, the City Corporation's total expenditure on party conference was £43,500.
 11. In 2018 the City Corporation's total expenditure on party conference was £108,000, of which £40,000 was sourced from the Policy Initiatives Fund.
 12. In 2019 the City Corporation's estimated total expenditure on party conference is £170,000, of which £40,000 was sourced from the Policy Initiatives Fund.

Cost-benefit analysis of current level of attendance

The benefits of having a Members representing the City Corporation at Party Conference include:

- Demonstration of City Corporation interest in the policy issues and ability to contribute to policy debates
- Increased engagement opportunities
- Capacity to push City Corporation messaging from multiple angles
- Possibility to cover the full breadth of programme of events at Conference

The associated costs are financial.

Conclusion

However in the light of the rising costs, it is suggested Members discuss the general level of attendance and engagements.

If changes are wanted a more detailed report will be produced at a later stage.

Committee(s)	Dated:
Public Relations & Economic Development Sub Committee – For Information	10 October 2019
Subject: City Corporation engagement on visas and immigration	Public
Report of: Damian Nussbaum, Director of Innovation & Growth	For Information
Report author: Corinna Williams, IG	

Summary

The UK's financial and professional services sector is highly dependent on international talent. Flexible access to international talent is therefore critical to individual businesses' location decisions and maintaining London and the UK's competitiveness as a global financial centre. Impacts of Brexit on the UK's status as a global financial centre, as well as changing government immigration policy, could have a dampening effect on the City's ability to attract international talent. The City Corporation is carrying out a range of activities on visas and immigration.

This report informs Members about the work on visas and some of the City Corporation's other activities on visas/immigration.

Recommendation(s)

Members are asked to note the report.

Main Report

Background

1. Political context

The UK Government in December 2018 published a White Paper outlining key aspects of its proposed future immigration system. Changes in Conservative Party leadership (Boris Johnson has a different approach to immigration than his predecessor) and the unsteady political environment may mean the prospects for alterations to the immigration system are uncertain. The white paper launched a 12 months period of engagement during which the Government will receive views from stakeholders (including the City Corporation). Some key points of White Paper are set out in the Annex.

2. In September 2019, the Government announced that it will be introducing a new two-year post-study work visa for students starting courses from 2020. It is understood that

this will be open to students completing undergraduate and higher courses in any subject area.

Corporation engagement on the immigration/visa process

3. The UK needs a world-class visa system which works reliably, efficiently and robustly, for employers as well as eligible employees. Regardless of the overall immigration policy the Government chooses to adopt, the process of applying to come to work in the UK should be as smooth and efficient as possible. The City Corporation produced detailed recommendations for the design of a future visa system in November 2018. Acting on these recommendations would deliver an effective 'best-in-class' visa system, enabling the access to global talent that businesses need and would reinforce the UK's global competitiveness. The research, produced in association with leading advisory service EY, highlights four recommendations namely, that a future system should:
 - reduce the administrative burden and uncertainty associated with visa applications. Outdated and redundant process steps such as Police Registration should be eliminated entirely
 - rely on an entirely digital immigration status so that applicants no longer need to surrender their passport or update physical status documents.
 - avoid duplicative processes associated with extending a visa inside the UK
 - use technology and guidance to provide tailored support to employers/sponsors of different sizes and in different sectors to encourage investment and growth in the UK.
4. There was strong interest from civil servants and politicians alike (Home Office, Mayor of London, Parliamentarians). During parliamentary recess and ensuing political uncertainty, follow up with the Home Office has proven to be difficult despite numerous approaches. In August 2019 CPR wrote a letter to the new Home Secretary reiterating the City Corporation's offer to work with the Home Office on the implementation of the Visa report recommendations. Officers continue to work with officials, parliamentarians and other stakeholders.

Additional engagement

5. On Visas and Immigration, the City Corporation has been carrying out numerous activities. On 26 February 2019, the Remembrancer's Office responded to the House of Commons Public Bill Committee's Immigration and Social Security Coordination (EU Withdrawal) Bill. Main conclusions from response are that it is timely to consider the practicalities of the current visa system and what changes could be made; that more should be done regarding concerns that highly skilled musicians, performers and productions specialists will be excluded by operation of the £30,000 skilled worker threshold; and that future arrangements for the Erasmus+ programme, or a replacement, should be clarified.

6. The City Corporation co-hosted a private roundtable discussion on Securing the Future of FinTech: Accessing a Global Talent Pool in May 2019 with the Home Office and FinTech companies.
7. In Q3 2019, Remembrancer's Office will produce the overall response to the White Paper on the UK's future skills-based immigration system. This will include working across with City Corporation, including GSMD, Barbican, City schools, and other stakeholders. Regulatory Affairs will draft the response to Visa-related policy recommendations.
8. Work on visas is complemented by the City Corporation's domestic skills projects. IG is actively supporting the review of skills in financial services, The Financial Services Skills Taskforce, which will be reporting later in the autumn.
9. IG is currently recruiting for a Regulatory and Business Environment Adviser who will provide strategic and policy advice and recommendations on issues that can have an impact on FPS competitiveness, including access to skills, in support of our overarching Corporate Objective – we have the world's best regulatory and legal framework.
10. In addition, the City Corporation has been active in assisting citizens with visas, citizenship and settled status applications. For some time, the Barbican and Community Libraries have assisted people with making online applications for UK visas and Citizenship via library computers and library staff and are assisting citizens with registering for Settled Status.
11. HR has created a poster campaign to bring settled status to the attention of employees. Information has been highlighted on the City Corporation's intranet and is regularly placed on the intranet front page. This includes referring staff to government information resources. Two staff seminars are planned which will provide guidance on settled status.

Next steps

12. In the future, the City Corporation will continue to have a strong role, working closely with partners across London and the UK. This work will focus on policy, as well as process, amplifying the messages being advocated across the industry in reports from London First, TCUK, CBI and others.
13. Areas we will be looking at include:
 - lowering the salary threshold of £30,000 proposed in the White Paper to support lower-skilled workers who are important for hospitality and retail in the City.
 - extending the temporary work route for overseas workers from one year to two years. This would allow companies to bring in overseas workers for a temporary period of up to two years, with a reciprocal cooling-off period. It should also be considered whether workers should be allowed to switch from this route to other routes, such as a skilled visa, while they are in the UK

- reforming the sponsorship model – reducing the costs and bureaucracy of the current system, making it easier for SMEs to use (partly covered in CoLC’s Visa report)
- Increasing mobility of talent – by reinstating the two-year post-study visa for international students (increasing from the current time limit of just six months), extending the current youth mobility scheme to include EU citizens, and creating an improved 90-day business visitor visa — so that companies can move staff across offices to work on projects.

The City Corporation will continue to work with industry bodies to align views where possible.

Conclusion

14. The City of London’s work and engagement on visas and access to talent is continuing despite the political uncertainty. The City Corporation can continue to play a strong role in this critical area for the future of the industry.

Appendix

- HMG White Paper on Future Immigration System
- City of London report on “Streamlining success: Building a world-class visa system for the UK”

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ANNEX 1

White Paper on Future Immigration System

Key features: the white paper adopts a core proposition of the MAC's review published in September 2018, namely that once free movement has ended, newly arrived EU citizens should not receive preferential treatment over non-EU citizens. Instead, long-term employer sponsored visas will only be available for skilled roles, and temporary 12-month visas will be available to citizens of specified low risk countries filling roles at all skill levels. The white paper also comments on students and other categories of migration.

Skilled workers: this category is most relevant for FPS and will closely resemble the existing Tier 2 scheme. It will be open to citizens of all countries. Key changes from the current Tier 2 system include:

- Removal of the annual limit ('the cap') of 20,700 Tier 2 (General) visas
- Removal of the requirement to conduct a Resident Labour Market Test
- Applicants from specified low risk countries will be able enter the UK to look for work and switch to a skilled worker visa from within the UK.

The Government is also considering a range of other policies, including

- Whether the salary threshold for experienced workers should remain at £30,000 or be lowered. The Government envisages that a lower salary threshold for graduates and those aged 25 and under (currently £20,800) would be retained
- Whether alternative remuneration policies can be brought within the immigration rules, including the practice of start-ups offering equity stakes in their business
- How the sponsorship system can be streamlined to support SMEs and frequent users of the system, including a possible 'tiered' approach for different sized sponsors

Temporary short-term workers: the white paper proposes that 12 months temporary visas will be available to citizens of specified low risk countries on a transitional basis, likely until at least 2025. Key characteristics of this scheme include:

- The visa will enable the holder to work for any employer, in any industry, at any skill level, although it anticipated that it will primarily be used for low skilled work
- Visas will be issued for twelve months and cannot be extended
- A twelve month 'cooling off' period will apply, in most cases requiring the holder to leave the UK for a year before applying for a new visa

Other proposals: The Government has also made a range of proposals that would streamline the visa application process and reduce the administrative burden associated with applying for and maintaining a visa for both employers and applicants. These include:

- The introduction of a digital immigration status which can be used throughout an individual's journey through the UK's immigration system, including entry to the UK, demonstrating right to work and access to services. This will end a reliance on physical status documents such as visa vignettes and Biometric Residence Permits

- Better use of data already held by other Government departments including HMRC, to reduce the need for applicants to repeatedly submit the same information
- Adopting the design and values of the EU settlement scheme, which have been generally well received, in developing the UK's new immigration system from 2021.

Streamlining success: Building a world-class visa process for the UK



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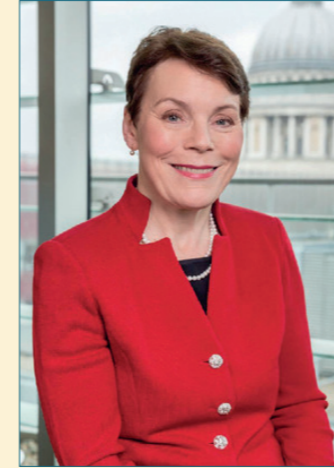
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A world-class visa application system

Timeline for recommendation implementation

	By Jan 2020	By Jan 2021	By Jan 2023
Reducing administrative burden (p.32)	'A-rated' sponsors can certify English language ability Enhanced visibility and reliability of visa processing times Improved error handling and complaints system	Removal of police registration requirements	
A digital immigration status (p.35)	Elimination of visa vignettes Full rollout of electronic right to work checks	Implementation of digital immigration status, to run concurrently with biometric residence permits (BRPs)	Elimination of BRPs for new applications
Simplifying extensions (p.37)	Secure and efficient reuse of data to avoid re-entry by applicant		Elimination of further leave to remain applications – extension via SMS notification
Tailored support for sponsors (p.39)	Rollout of outreach programme for SMEs that need to apply for a sponsor licence to sponsor EU citizens	Enhanced sponsor management systems functionality(SMS) A more flexible payment system	

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Foreword

London's success as a leading global business centre is founded on the finest talent and skills from around the world. London has the best pool of talent for financial services in Europe, the largest number of highly skilled knowledge-based jobs in the world and draws its business leaders from the widest pool of countries.

Complementing a highly skilled UK workforce, international workers make up 41% of the City's workforce, and 34% of London's finance and insurance jobs. Access to this talent is therefore a critical part of London's competitive offer.

This report examines the business experience of using the UK's visa system and sets out practical steps to improve, first, the process that allows firms to recruit international talent and, second, the user experience for people going through the process.

The UK needs a world-class visa system that works reliably, efficiently and robustly, for employers as well as eligible employees. Regardless of the overall immigration policy the Government chooses to adopt, we should be aiming to make the process of applying to come to work in the UK as smooth and efficient as possible.

Businesses depend on the UK visa system to get the right people to the right place at the right time, whether fast-growing start-ups requiring specialist coding expertise or more established institutions looking to transfer highly skilled staff across international offices

for specific projects. However, users can experience this process as burdensome and unpredictable.

The report identifies technological advancements that provide opportunities for streamlining the process and reducing costs for businesses and individuals. Alongside this, it draws on international best practice to set out ways of simplifying the process to the benefit of all parties involved.

The recommendations identify 'quick wins' and practical medium-term recommendations, as well as a vision for the long term. Acting on these recommendations would deliver an effective and efficient 'best-in-class' visa system, enabling the access to global talent that businesses need and reinforcing the UK's global competitiveness.

I would like to thank everyone who has been involved in this project for their support. Special thanks are due to the team at EY for their work and contribution to this important debate.

Catherine McGuinness,
Policy Chair of the City of London Corporation



Introduction

EY were delighted to be invited to work with the City of London Corporation on this important and timely piece of research – to consider the operation of the UK's visa application system and how it can be improved to become a truly world-class system for the future.

The operational developments heralded by the implementation of the points-based system (PBS) in 2008 redefined the UK's immigration processes, initially simplifying many outdated practices. However, in subsequent years, the mechanics of obtaining permission to enter the UK, to set up business here, has developed in complexity, with many unintentional and adverse consequences for those wanting to invest and work here. Ten-years have passed since the PBS was introduced and it is time for a positive reassessment of the processes that underpin our immigration policy.

With this in mind, and when conducting our research, it was clear that businesses fully understand the need for appropriate immigration controls – and that visa candidates are willing to evidence their right to be in the UK. They do, however, seek certainty, efficiency and reliability in the systems they are required to use, so they can plan their business operations and their personal obligations alongside the logistics

of travel. This is all within our reach if we choose to take advantage of some short-term goals while planning for longer term transformation.

The UK remains a highly attractive location to achieve business and personal aspirations. Taking steps to accomplish ambitious changes to our immigration processes will ensure we remain competitive for many years to come – and we continue to attract the workers, students and businesses we need to prosper.

Margaret Burton,
Partner, Global Immigration, EY

Executive summary

Developing a world-class visa process

As the UK leaves the European Union, and thinking is under way as to how we reshape our immigration policy, now is the perfect time to build a world-class visa process for the UK. The City of London Corporation and EY have **produced this report to make a series of practical and constructive recommendations on how this can be achieved.** We want to build on existing good practice in the system, and learn from international experience, to make the process of applying for a visa as efficient, reliable and user-friendly as possible.

This report does not try to determine what our immigration policy should be, but is **focused on improving the user experience of applying for and receiving a visa to work in the UK.** These recommendations, if adopted, will improve the experience for individuals, businesses and government.

Once UK immigration policy has determined an individual can travel to the UK to study or work, the process should not be burdensome. We want those participating in the process to feel it is **fair, proportionate and professional.** This is in everyone's interest and is a clear way for the UK to demonstrate it welcomes talented and committed people coming to work here.

This is key to **ensuring the UK remains competitive – the country of choice for applicants and a world-class system of choice internationally.**

Our findings and recommendations are primarily inspired by interviews with the financial and professional services and technology sectors, although the **proposals themselves are relevant to all sectors wherever they are based in the UK.** We engaged with:

- A **wide range of organisations within the financial and related professional services sector**, their employees and industry and trade bodies, to understand their views on how the UK's visa application system works in practice.
- **UK Visas and Immigration (UKVI)**¹, to recognise their future objectives to ensure alignment with our own proposals.
- **EY's global immigration practice**², to assess the UK's visa application system in a global context.

The majority of those we engaged with **offered commentary on the challenges associated with Tier 2 of the PBS.** This is not entirely surprising – Tier 2 is the main route used by nearly 30,000 UK employers to bring overseas talent to the UK as there are few alternative visa options available. Of 245,131 work visas granted inside and outside the UK in 2017, Tier 2 visas made up over 60%³. As one of the most frequently used visa categories but also one of the most procedurally complex, employers, individual applicants⁴ and trade bodies would like to **see improvements to the processes and procedures involved with sponsoring Tier 2 visas.**

¹ The operational wing of the Home Office that runs the UK's immigration system

² The practice assists with more than 100,000 visa applications worldwide each year

³ Office for National Statistics, 'Immigration Statistics', (August 2018), available at: <https://www.gov.uk/government/statistics/immigration-statistics-year-ending-june-2018>

⁴ Including employees and assignees who have applied for a visa, either by themselves or with assistance

Although this report therefore focuses on the Tier 2 process, many of our recommendations will benefit other visa applicants and sponsors.

Stressful, inefficient and precarious

Employers and applicants highlighted to us aspects of the UK's current visa system that worked well for them and we have considered these comments in our report. However, they told us there were also significant challenges associated with the system, and in particular Tier 2 of the PBS.

These challenges include:

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Employers must apply for and maintain a sponsor licence – a **complex, administratively heavy and lengthy process that is particularly challenging for SMEs** (whether originating in the UK or overseas) that have not used the system before. Employers were keen that those demonstrating compliance with their sponsor duties⁵ should receive additional benefits such as access to a streamlined process.

- The system's reliance on the submission of 'original' documents to support visa applications and on physical immigration documents (e.g. visas, biometric residence permits) is **inflexible and raises concerns that we are falling behind international best practice** – many of the UK's competitors for international talent have moved or are moving to an electronic system for demonstrating immigration status.

- Employers and individuals are often required to resubmit data that UKVI already holds. This is frustrating and erodes confidence in the system as there is an expectation that data should be handled more efficiently through technology.

These and other factors combine to create a system that – as one interviewee explained – has become **“stressful, inefficient and precarious” for both employers and visa applicants.**

The impetus for change

Our UK visa process has developed considerably since the introduction of the PBS in 2008. However, in 2018, parts of this process appear outdated while other stages have been added to the original application journey – adding to the overall complexity for applicants and employers.

In addition, as we move ever closer to the UK's departure from the EU, this immigration process demands further scrutiny. The Government has agreed with the Migration Advisory Committee (MAC)'s recommendation⁶ that post-Brexit⁷, EEA and Swiss nationals should be subject to the same immigration control as workers from the rest of the world. Whilst the UK is currently considering exactly what this immigration policy should look like, and whether it will be possible to negotiate a reciprocal mobility agreement with the EU⁸, now is also the time to consider the procedural operation of the UK's visa system.

If EEA and Swiss nationals need to apply for visas from 2021 in order to work or study, **the administrative and financial burden associated with the application process risks becoming a deterrent to the skills, investment and entrepreneurial spirit the UK wishes to attract.**

A modern, world-class visa application process that combines a user-friendly system with appropriate border controls should:

- Recognise and adopt technological and procedural developments pioneered by other countries' visa systems while developing its own vision of future excellence – recent Home Office developments in technology to facilitate the EU Settlement Scheme is an example of this.
- Look to simplify processes and offer increased flexibility to resolve challenges caused by unintentional errors by applicants, UKVI and UKVI's outsourced service partners.
- Be open to rethinking how border controls can best be exercised to provide a more predictable system.
- Have a robust, continuous feedback mechanism involving dialogue with system users – both to aid clarification of process and resolve challenges with urgency.

Our recommendations

In considering the principles highlighted above, we have developed **four key recommendations for how the UK's visa application system can be developed into a world-class, future-ready process.**

- A future system should **reduce the administrative burden and uncertainty associated with visa applications.** Outdated and redundant process steps such as police registration should be eliminated entirely.

A UK visa application is typically made up of many different processes, requirements and touch points with overlapping, interdependent and uncertain timeframes. Streamlining these steps will decrease stress for applicants, increase certainty for employers and save time and costs for Government.

- A future system should **rely on an entirely digital immigration status** so that applicants no longer need to surrender their passport or update physical status documents. Maintaining a reliance on purely physical evidence of immigration status risks our system becoming outdated and falling behind our global competitors.

A digital immigration status will speed up the application process, eliminate bottlenecks associated with the production of physical immigration documents and all verifications – right to work checks, right to rent, bank checks and so on can be carried out online.

- A future system should **avoid duplicative processes associated with extending a visa inside the UK.**

⁵ The set of responsibilities associated with holding a sponsor licence, including performing right to work checks and retaining documentation

⁶ Migration Advisory Committee, 'EEA migration in the UK', (September 2018), available at:

<https://www.gov.uk/government/publications/migration-advisory-committee-mac-report-eea-migration>

⁷ Likely from 2021, subject to the agreement of a 21-month transition period as per the draft withdrawal agreement

⁸ Refer to the mobility framework detailed in the Government's recent White Paper – HM Government, 'The future relationship between the United Kingdom and the European Union', (July 2018), available at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/725288/The_future_relationship_between_the_United_Kingdom_and_the_European_Union.pdf

Eliminating physical visas and making intelligent use of the data already held by UKVI offers the opportunity to remove the need for visa extension applications inside the UK. Visa extensions should be facilitated by employers simply notifying UKVI via their sponsorship management system. These efficiencies will save time and costs for employers and UKVI alike.

- A future system should **use technology and guidance to provide tailored support to employers/sponsors** of different sizes and in different sectors to encourage investment and growth in the UK.

As already identified by the Migration Advisory Committee⁹, start-ups and SMEs shouldn't have to fight against an overly complex process. Similarly, the sponsor management system (SMS) should scale appropriately to support sponsors applying for larger numbers of visas by offering advanced reporting and upload features.

It is important to acknowledge that these goals are ambitious and some cannot be achieved overnight. Later on in this report we provide detail on the short and medium term improvements that will function as interim steps as we move towards the full realisation of the system's potential.

The UK is a highly attractive location to visit, study, work and set up business. However, it is imperative that **changes are made so that the UK's future immigration process is both ambitious and dynamic** – ready to change for the benefit of the country and those we wish to attract. Moving positively from a process that is stressful, inefficient and precarious to one which is helpful, efficient and predictable will ensure we are the country of choice for applicants and employers – a country that operates the immigration system to which other countries aspire.

The importance of a world-class visa process to the UK

Access to the best global talent is a key factor in determining the success of financial and professional services firms in the UK. Clearly the UK's visa process has the potential to affect the overall attractiveness of the UK to investors, employers and talent from overseas. Research by EY¹⁰ in 2018 found that the UK's appeal on qualitative measures has fallen significantly in the last two-years. Investor perceptions of the quality of life, diversity in the UK, the degree of stability in the social climate, and the transparency and predictability of politics and law have all fallen. The UK is seen as less welcoming than it once was and the UK environment is seen as less pro-business.

The UK's visa process is key because it governs the ability of non-EU citizens, and in due course EU citizens, to enter the UK, whether for a visit, or to live, study and work on a temporary or permanent basis. Inefficiencies and delays in this process have the potential to frustrate business planning. Considered cumulatively, these challenges can take up many days of both employers' and applicants' time.

The objective of this report is to identify challenges associated with the UK's current visa process, and to make recommendations to improve the user experience and efficiency of applying for and receiving a visa to work in the UK. In turn, this will offer the UK a competitive advantage over other global financial and professional services centres that have more complex, restrictive or cumbersome visa processes.

The scope of this report reflects this objective and is as follows:

- To consider the practical process of applying for a visa rather than the underlying policy of who should be eligible for a visa.
- To establish how employers and employees within the financial and professional services sector interact with the UK's visa process.
- To focus on Tier 2 of the points-based system – the primary immigration route used to obtain work visas for non-EU citizens.

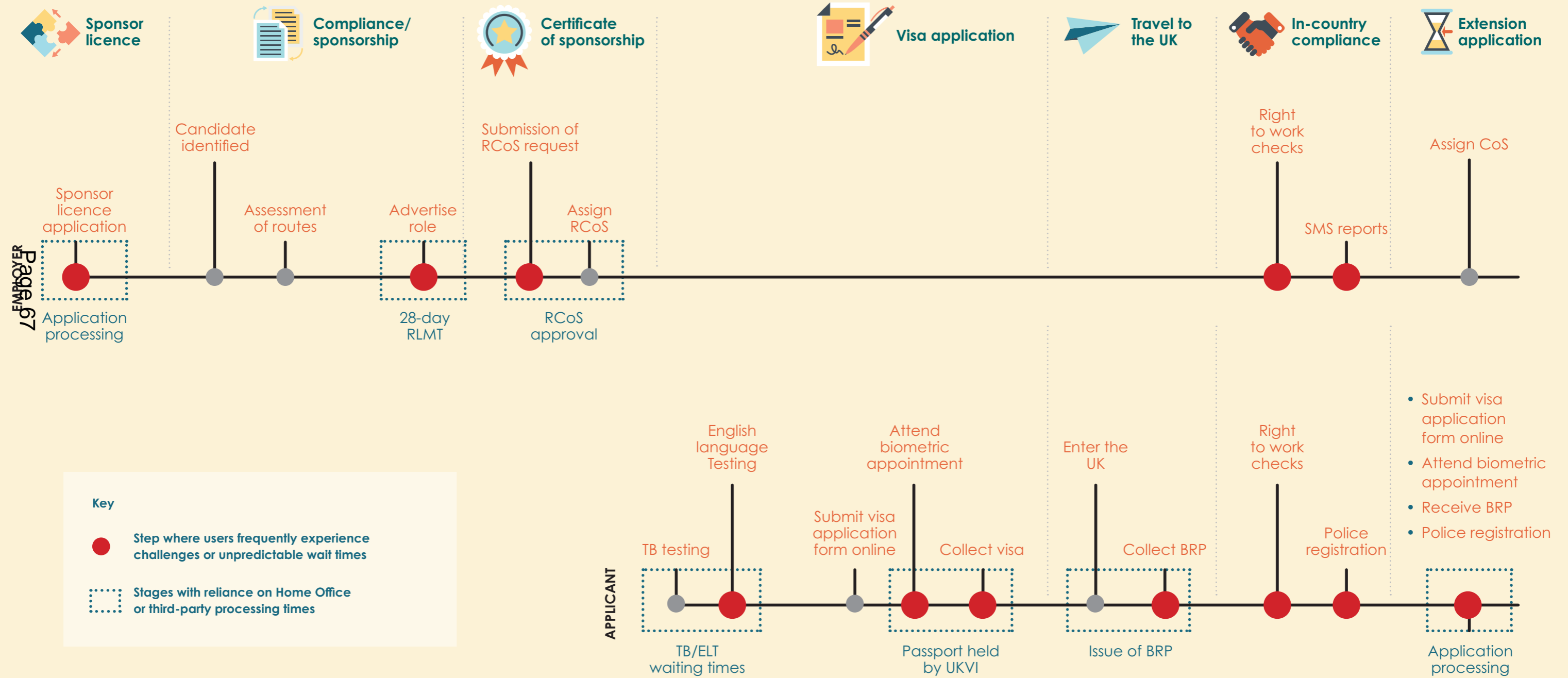
Many of our findings and recommendations also apply to other immigration routes into the UK, and will support employers in other sectors in attracting and retaining the best global talent.

⁹ Migration Advisory Committee, 'EEA migration in the UK', (September 2018), available at: <https://www.gov.uk/government/publications/migration-advisory-committee-mac-report-eea-migration>

¹⁰ EY, 'UK Attractiveness Survey', (June 2018), available at: <https://www.ey.com/uk/en/issues/business-environment/ey-uk-attractiveness-survey>

The UK's current system

Processes associated with a typical Tier 2 (General) visa application



Acronyms

CoS/RCoS – Certificate of sponsorship/Restricted certificate of sponsorship
 RLMT – Resident labour market test
 SMS – Sponsor management system
 TB – Tuberculosis
 ELT – English language testing
 BRP – Biometric residence permit

The origins of our current system

The UK's current system dates back to 2008, when it replaced a scheme characterised by subjective decision-making with a new 'Australian style' points-based system (PBS). The PBS had three key aims:

1. *Better identifying and attracting of migrants who have most to contribute to the UK.*
2. *A more efficient, transparent and objective application process.*
3. *Improved compliance and reduced scope for abuse¹¹.*

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The Labour Government of the day framed the former work permit system as "complex and difficult to use" and stated that "it does not reflect the UK's competitive position in the global economy as a destination for the brightest and best migrants". The PBS therefore intended to deliver an internationally competitive immigration scheme which could attract the brightest and best – a system flexible enough to "respond to a changing labour market, in terms of both supply of and demand for migrants"¹².

Our engagement with users of the system

To gather evidence for this report we conducted detailed interviews with employers of varying sizes within the financial and related professional services sector, their employees and industry and trade bodies, to understand their views on how the UK's visa system works in practice. These interviewees have first-hand experience of navigating the numerous processes and procedures associated with sponsorship and applying for a visa, both as employers and employees. We have summarised the key concerns of these interviewees below.

A system that is stressful

Respondents described a system that they frequently found stressful to use, typically because of requirements that are unclear or because an objective that seems as though it should be simple to achieve is actually extremely difficult or counter-intuitive. Examples include:

- Visa applicants expressed frustration that despite speaking fluent English, as could be demonstrated via a short conversation with a UKVI official, they were required to sit a time-consuming and expensive English language test, delaying entry to the UK and jeopardising the business objectives necessitating their entry.

- Visa holders who have experienced the theft or loss of their biometric residence permit (BRP) whilst outside the UK, commented that they could not understand why the process for returning to the UK required them to reapply for a new visa, which took several weeks before being able to travel, separating them from family and delaying urgent business commitments.
- HR staff expressed that they were generally supportive of UKVI offering optional priority services but that they found it extremely difficult to justify the additional high cost to stakeholders within the business when the expedited timeframes offered by those priority services were exceeded – the question frequently asked is, 'What are we paying for?'
- The process of applying for a sponsor licence was described as 'intimidating' for new sponsors, with over 300 pages of guidance and the prospect of having to submit multiple applications to learn through 'trial and error' how to apply successfully. This challenge is particularly acute for SMEs and start-ups, diverting significant resources away from establishing a new corporate presence or business development.
- The resident labour market test (RLMT) was identified as counter-intuitive. Some respondents commented that the requirements for conducting a compliant RLMT were so specific and out of step with modern recruitment exercises, that they were forced to conduct an RMLT, having already advertised the role previously, purely to comply with UKVI requirements.

Case study: Biometric residency permit collection in the UK

Visa applicants and their employers reported significant delays with the production and delivery of BRPs to designated Post Offices¹³ on a migrant's arrival to the UK, leading to:

- Uncertainty and stress for the applicant, wondering whether their visa status has been cancelled.
- Postponement of international travel.
- The need to repeatedly explain their situation to their employer, who may be considering whether they can commence or continue employment without seeing the BRP.

Some applicants reported that Post Office staff were unaware of official guidance on who can collect BRPs on behalf of family members, and were unable to provide any indication of when the BRP might become available. Instead, applicants were told simply to return in a few days, resulting in multiple wasted trips.

11 HM Government, 'A Points-Based System: Making Migration Work for Britain', (March 2006), available at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/272243/6741.pdf

12 Ibid

13 A physical ID card which acts as evidence of the holder's immigration status, or visa, in the UK

A system that is inefficient

Respondents described a system containing numerous inefficient process steps that they perceived could either be eliminated without undermining immigration controls or otherwise simplified. Examples include:

- Visa holders do not understand the need to register with the police as UKVI holds their personal details, and they report personal address changes to both UKVI and their sponsor. This issue is exacerbated by increasingly poor availability of appointments at the Overseas Visitors Records Office in London.
- Employers reported that they invested significant HR resources in managing and performing right to work checks. Whilst respondents agree with the importance of performing checks, they felt that considerable time was taken up dealing with 'outliers', including cases where there have been lengthy delays in UKVI making the BRP available for collection by the employee.
- Visa applicants were surprised at being asked to provide the same biographic information to UKVI up to four or five times throughout their stay in the UK and questioned why information cannot be reliably reused from previous applications, saving time for them and UKVI.

- The sponsor management system is frequently described by corporate users as being outdated and unwieldy. It does not support reporting or upload functionality and it is difficult to locate an application via the search function to ensure efficient compliance.
- Employers commented that in some cases they would appreciate the flexibility to support their staff by making payment of a visa application fee or immigration health surcharge (IHS) on behalf of the employee, but could not do so without accessing the applicant's application form directly, viewing significant amounts of private data. Alternatives include providing credit card details to the applicant (typically not permitted due to financial controls) or requiring the applicant to claim the amount back through the expenses system. This may not be an option if the applicant does not have sufficient cash funds at the time of application.

Case study: Police registration¹⁴

Respondents raised challenges related to the police registration process:

- Applicants frequently experienced confusion concerning whether they are required to register. On occasion, applicants of a nationality usually asked to register were not given explicit instructions to do so. On enquiry at the police station itself, it was not always clear whether registration was required.
- Applicants also raised concerns stemming from delays at the police station and frequently cited being sent away when attempting to attend as instructed. In some cases they were concerned that there would be repercussions for not having been able to register due to delays at the police station. Others were given appointments at a later date and were concerned about the delay affecting their ability to travel.

A system that is precarious

Respondents described a system that is unpredictable and which can have an impact on business, the applicant and the reputation of the UK overseas. Examples include:

- Visa application processing times that, particularly outside the UK, respondents described as being highly unpredictable and unreliable. The requirement for applicants to submit their original passport was highlighted as increasing the impact of this uncertainty as it disrupted critical business and personal travel.
- Corporate respondents reported that they experienced significant challenges associated with the annual limit on skilled migration (the Tier 2 'cap') between December 2017 and July 2018. Positions were left vacant for many months and applicants were left waiting overseas hoping that a restricted certificate of sponsorship would be granted. Some offers made to skilled candidates from overseas had to be revoked due to continuing uncertainty, causing distress to applicants and staff shortages for UK business.
- Respondents were concerned about the frequency with which UKVI or visa application centre staff asked for documentation not required by the immigration rules, causing applications to be delayed or refused.

¹⁴ Dating back to 1914 and largely unchanged since the Cold War, the police registration provisions require nationals of 42 countries to register their status with local police in the UK and inform the police whenever their personal details change – this must occur within a prescribed time limit

Business and personal impacts

Respondents reported that these challenges had significant business and personal impacts, including:

- Significant delays in filling key positions in the UK, or in extreme cases, the loss of a talented candidate to another employer or location.
- Considerable extra costs associated with internal management of process.
- The uncertainty that is inherent in many aspects of the visa application system encourages employers to build 'slack' into their business planning as they can never be certain that an applicant will be able to start in the UK on any given date. This leads to inefficient utilisation of staff and extra costs associated with frequently changing travel arrangements.
- Visa holders are made to feel unwelcome when applying to come to the UK by virtue of their poor experience of applying for a visa, which has an impact on the UK's reputation and potentially discourages other applicants. Productivity at work and family life can be affected in extreme cases.
- Significant time lost to administrative activities associated with applying for and extending visas, including repeat visits to visa application centres, Post Offices and police stations.

Case study: Right to work checks

A number of corporate respondents raised concerns about the right to work process being outdated and in need of review. Employers highlighted multiple instances of biometric residence permits not being produced prior to the candidate's visa vignette¹⁵ expiring. This can create a situation where the employer is forced to choose between maintaining a compliant approach and delaying, suspending or terminating the candidate's employment, or else risk a civil penalty of up to £20,000 or potential loss of their sponsor licence.

Companies also suggested that the requirement to check a physical document was not always conducive to many working practices, for instance where employees are working on off-site contracts or working remotely.

- Difficulties in conducting urgent business or personal travel, particularly associated with key trade negotiations or contractual responsibilities, family illness or bereavement, caused by the applicant being unable to retrieve their passport from UKVI.

International context

As part of our research, we examined the immigration systems of other global locations, focusing on countries that compete with the UK and/or those that have visa application processes perceived as 'forward-thinking'. These include:

Australia, Brazil, Canada, China, Germany, Hong Kong, Ireland, Israel, Luxembourg, New Zealand, Singapore, South Korea, Sweden, Switzerland, UAE (Dubai) and the US.

The aim of this exercise was twofold:

1. To learn from the best practice of other jurisdictions; *and*
2. To identify challenges that are specific to the UK and necessitate innovative solutions.

Any comparison between the UK's immigration system and that of any other jurisdiction should recognise the challenges of this approach. Countries may have diverse immigration objectives and political aims, leading to systems and processes that can be fundamentally different, or represent an alternative way of balancing different and often opposing process characteristics.

Differing objectives?

Judging the overall and comparative attractiveness or effectiveness of global immigration systems is not straightforward. Some administrative processes, such as those operated by Singapore or Canada, might be celebrated for their modern and technologically savvy approach. Other systems, such as Hong Kong's or Sweden's, might be comparatively cheap for employers looking to resource talent from overseas. In contrast, the speed of the immigration process in countries such as China or Ireland is often criticised while at the same time offering a fairly predictable and transparent route for migrants. This is relative to the faster but complex and process-heavy system offered by the UK.

In comparing the UK's system to those of other jurisdictions, we have primarily considered speed, cost, convenience and technology. Further explanations of specific elements of other jurisdictions' immigration systems can be found in the recommendations section and glossary.

¹⁵ Non-EU nationals applying for a visa of more than six months from outside of the UK are now granted a 30-day visa vignette – a 'sticker' inserted into their passport confirming the details of their permission to enter the UK – before collecting their biometric residence permit on arrival in the UK

Comparing immigration systems: speed

Respondents highlighted speed as being one of the most important factors associated with the relative attractiveness of a visa application system. Businesses must be able to respond rapidly to changing needs and their clients' demands, and a visa system that enables them to fill a new role or bring in an expert from an overseas branch in weeks rather than months offers a clear competitive advantage.

For the purposes of this comparison, we assessed the timeframes associated with an application by a US or British citizen¹⁶ for a two-year Intra-company Transfer visa¹⁷.

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For this type of application, many jurisdictions have adopted a two-part process whereby the authorities initially assess a 'work permit' application before the applicant submits a visa application to the local embassy in their country of residence. While the UK's system still theoretically consists of two parts, the 'work permit' was replaced by a certificate of sponsorship (CoS) when the PBS was introduced, which an employer can issue within an hour or two, rather than needing to wait for the UK authorities to approve it.

This comparison of approximate processing times illustrates that the UK offers one of the shortest timeframes for obtaining an Intra-company Transfer visa.

Perception as to whether the system is fast or slow often depends on how long each part of the process takes and how each part of the process impacts on the employer and applicant. In the UK, an employer might appreciate the ability to assign a certificate of sponsorship (CoS) quickly, whereas their employee might find having to give up their passport for three weeks disproportionately slow, especially if they are a frequent business traveller. By comparison, an employer in Ireland might find the process frustratingly slow while they wait for a work permit to be issued through the Irish authorities. However, after that point, the applicant can travel to Ireland and then acquire their residence permit on a same-day basis¹⁸, and may therefore report that the process is fast.

Recognising the importance of considering each stage of the visa process, our recommendations for the UK's system focus on streamlining the visa application experience for the applicant, including:

- The facility for employers holding an A-rated sponsor licence to certify the English language ability of the applicant on their CoS, eliminating the need for English language tests and UKNARIC (the UK's national agency for the recognition and comparison of international qualifications and skills) certifications.

- Enhanced visibility of live processing times so visa applicants can view reliable information on how long their application will take and the current status of their application, in much the same way as tracking technology is used for other non-immigration purposes.
- An improved error handling and complaints system with a 48-hour service level agreement that dedicates additional UKVI resources to facilitate the prompt resolution of errors by UKVI or third-party service providers and minimise the impact of these mistakes on applicants and their employers.

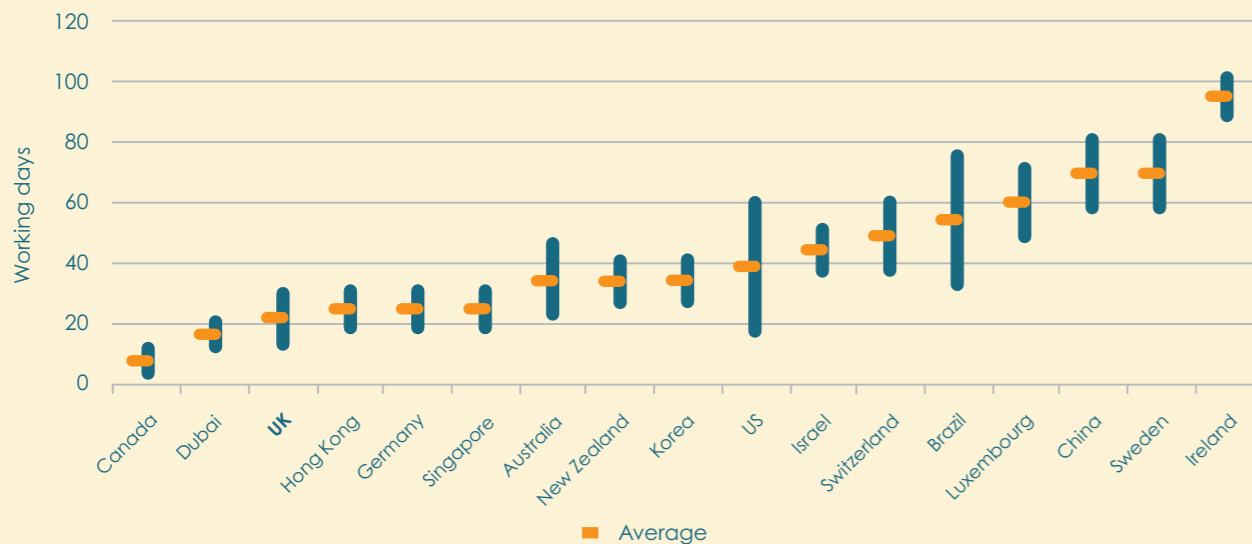
Comparing immigration systems: cost

Respondents were keen to stress the importance of having a visa application system that supports their business objectives. Costs, both in overall and relative terms, played a key part in this consideration. If the cost of bringing overseas talent to the UK to fill a skills gap or to train up local workers is too high, the organisation may leave the post unfilled or move it to an overseas office.

For the purposes of this comparison, we assessed total costs associated with an application by a US or British citizen¹⁹ for a two-year Intra-company Transfer visa.

Comparison of approximate visa processing times in a selection of comparable jurisdictions

Source: EY research



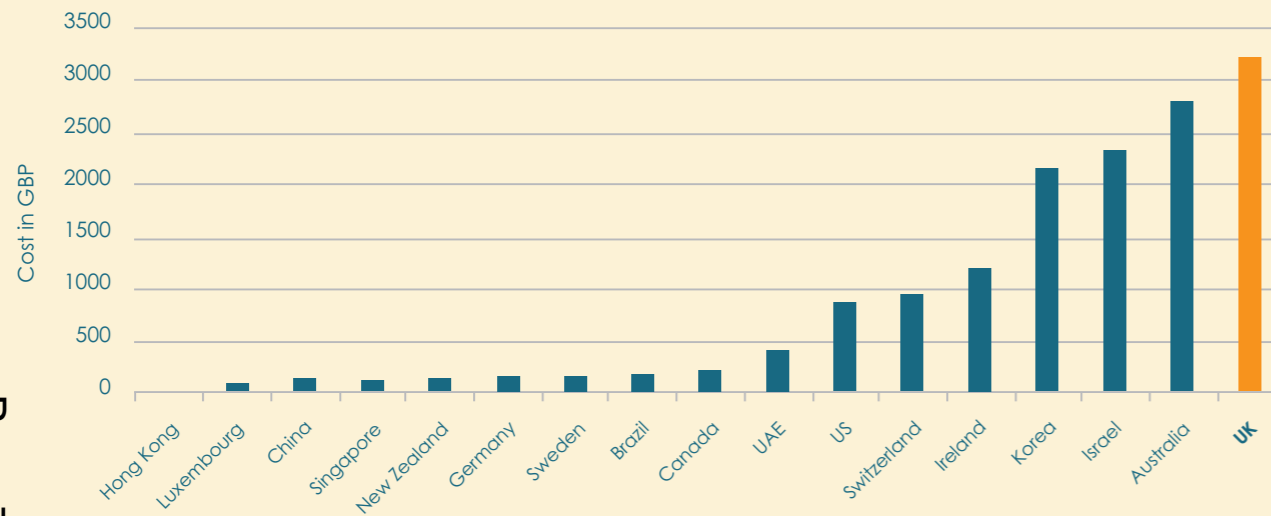
Approximate timeframes based on user experience of processing times from the start of the process to work start date for a two-year Intra-company Transfer visa. For the sake of clarity, priority or preferential service routes have not been included – not all countries offer these services.

¹⁶ We assessed speed on the basis of a US citizen travelling to all countries other than the US, and a British citizen travelling to the US
¹⁷ In broad terms, an applicant would qualify for this type of visa by virtue of being transferred to the local branch of their employer having worked for the same company overseas for at least a year or two

¹⁸ Where the applicant is a 'non visa national', e.g. a US citizen
¹⁹ We assessed cost on the basis of a US citizen travelling to all countries other than the US and New Zealand, and a British citizen travelling to the US and New Zealand – New Zealand does not charge fees to US applicants under a bilateral agreement

Comparison of total visa application costs in a selection of comparable jurisdictions

Source: EY research



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Total visa application fees for a two-year Intra-company Transfer visa, converted to GBP on 21 October 2018. For the sake of clarity, priority or preferential service routes have not been included – not all countries offer these services.

Visa application costs are often highlighted by employers and applicants as being high in the UK and from our international comparison, this perception is clearly correct. Viewed separately, the fee to sponsor an employee within the Tier 2 route (£199) and the visa application fee for a Tier 2 (Intra-company Transfer) visa (£610) compare well internationally.

However, it is the inclusion of additional fees which result in the UK having the most expensive system we have reviewed. For example, funds raised by the immigration health surcharge (IHS) go to the NHS and funds raised by the immigration skills charge (ISC) predominantly go to central Government, albeit they are notionally earmarked to support the upskilling of local workers. Without these additional fees, the UK's system would sit between the US (approximately £850) and Ireland (approximately £1,200).

Fees for a two-year Tier 2 (ICT) visa	
Certificate of sponsorship	£199
Immigration skills charge	£2,000
Entry clearance	£610
Immigration health surcharge	£400
Total	£3,209

At the time of writing, the Independent Chief Inspector of Borders and Immigration has begun work on a review of the Home Office's visa charges. The inspection will look at the rationale and authority for particular charges, including the amounts charged. It will also look at whether the Home Office is providing the services in question efficiently and effectively, including meeting agreed service levels where these exist, and at the means of redress where individuals are dissatisfied with the service they have received. In addition, the MAC has recently recommended a full review of the operation of the immigration skills charge.

Given the high comparative cost of a Tier 2 visa, we are recommending the streamlining of various process steps, which will save considerable time and effort for all stakeholders involved in an application – employers, applicants, UKVI and the police. These process improvements should enable UKVI to make significant cost savings, which can be passed to system users and/or otherwise invested in further improvements. Relevant recommendations include:

- Elimination of the requirement for applicants of certain nationalities to register with the police – an outdated and redundant obligation, which would liberate both police and applicant time.
- A digital immigration status, with no requirement for UKVI to produce visa vignettes or BRPs.

- Removing the need for further leave to remain applications for simple visa extensions inside the UK.

Comparing immigration systems: convenience

In considering the attractiveness of a visa application system, respondents pointed to additional factors that had an impact on the relative convenience or inconvenience associated with applying for a visa. Whether or not the applicant is required to relinquish their passport, thus sacrificing their ability to travel whilst their passport is held by the embassy or visa application centre, was highlighted as a key consideration. Similarly, respondents welcomed the option to expedite or prioritise a visa application for additional fees where necessary.

Countries not requiring an individual to relinquish their original passport	Countries requiring original passport and average time a passport will remain with the authorities
Hong Kong	China 10 days
New Zealand	Brazil 10 days
Canada	US 4 days
Sweden	Korea 5 days
Ireland	Israel 2 days
UAE	UK 10 days
Germany	Switzerland 5 days
Australia	
Singapore	
Luxembourg	

Case study: Do new IT systems help?

The implementation of new technology systems is often associated with progression towards an immigration scheme that is more helpful, efficient and predictable. Our research on other countries' immigration systems found that this perception is not always accurate in practice.

In Brazil, the online processing system does not require the submission of original documentation at the point of application and approval, although original documents are shown at a later verification stage. Despite simplifying the process for applicants, the system is reported to frequently suffer from technical issues, resulting in significant downtime, sometimes for several weeks. This results in delays to the overall process whilst applications are put on hold.

Singapore is also often set apart as having an exemplary and cutting edge online system. Even so, the country's reliance on technology has also been reported to be fallible. Users reported that the system was often subject to slow-downs at certain times and frequently encountered technical issues on busy days, raising concerns as to whether it could handle larger application volumes.

In contrast, Germany does not have a particularly high-tech application system, instead relying on paper forms and

frequent interaction between applicants, representatives and caseworkers. While there is no simplified online system, this also means that there is no reliance on complex back-end technology. This allows representatives to advise much more reliably on processing times and likely outcomes based on their high levels of access to caseworkers.

The UK's immigration system has, for many years, been moving away from the application process operated by Germany, and towards the process operated by Singapore, with less reliance on caseworkers and interaction with applicants, and more reliance on automated systems. It should be noted that although there are occasional technology issues with the UKVI's current application systems, the move to include newly developed systems within the Gov.UK technology environment has been, and continues to be, positive. Respondent feedback on the EU Settlement Scheme and online application system for renewing a British passport, both of which use Gov.UK technology, has been overwhelmingly positive. Respondents were keen to recognise the Home Office's success in developing these systems to be truly user-friendly and were keen that UKVI builds on this groundwork when designing new immigration systems.

Of the countries in our report sample, the UK is now in the minority in requiring applicants to relinquish their passport when submitting a visa application. It should be noted that the UK does offer a priority service for an additional fee that enables applicants to retain their passport for some of the processing period, although they are still required to submit their passport for a visa vignette to be affixed – this often takes three to five working days.

In comparing the availability of optional services to prioritise or expedite a visa application, the UK is unusual in offering a significant range of priority services, albeit for an additional fee. Corporate and individual respondents commented that they appreciated the availability of these services in relation to UK visa applications, and were willing to accept the additional cost where the service represented good 'value for money'.

This dynamic is important – if the standard service is sufficiently rapid, many would argue that priority services should be unnecessary. That being said, four of the five jurisdictions that do not offer optional priority services have standard processing times that are still slower than the UK's standard processing times.

Convenience is a key component of the attractiveness of the UK's visa application system and we have formulated our recommendations with this in mind:

- Increased visibility, reliability and accountability in relation to visa application processing times – particularly where the applicant has purchased a priority service to expedite the processing of their application.
- The implementation of a digital immigration status – removing the need for visa applicants to surrender their passport for an uncertain period during which they are unable to travel.

Comparing immigration systems: technology







One of the key factors often referenced in assessing the comparative merits of a jurisdiction's immigration system is the modernity of the technology used. As discussed elsewhere in this report, technological improvements can in principle increase speeds, cut costs and improve access to services, but this perception often changes with the day-to-day use of the system itself.

There is no direct method by which the effectiveness of technology systems can be compared internationally, other than by assessment of outputs including those described above – speed, cost and convenience. Nonetheless, there are key areas where technological upgrades will enable the UK's system to achieve the objectives outlined at the start of this report. Our recommendations in this area include:

- Enhanced and automatic visibility of live processing times at the point of application for a visa.
- The implementation of a digital immigration status, enabling electronic right to work checks and removal of the need for further leave to remain applications for simple visa extensions inside the UK.
- Enhanced reporting and notification functionality within the sponsor management system to streamline use of the system for all, but especially large employers.
- A more flexible payment system for all sponsors, with the option for employers and applicants to make payment for all relevant fees at one time rather than requiring multiple repetitive payments.

Our recommendations

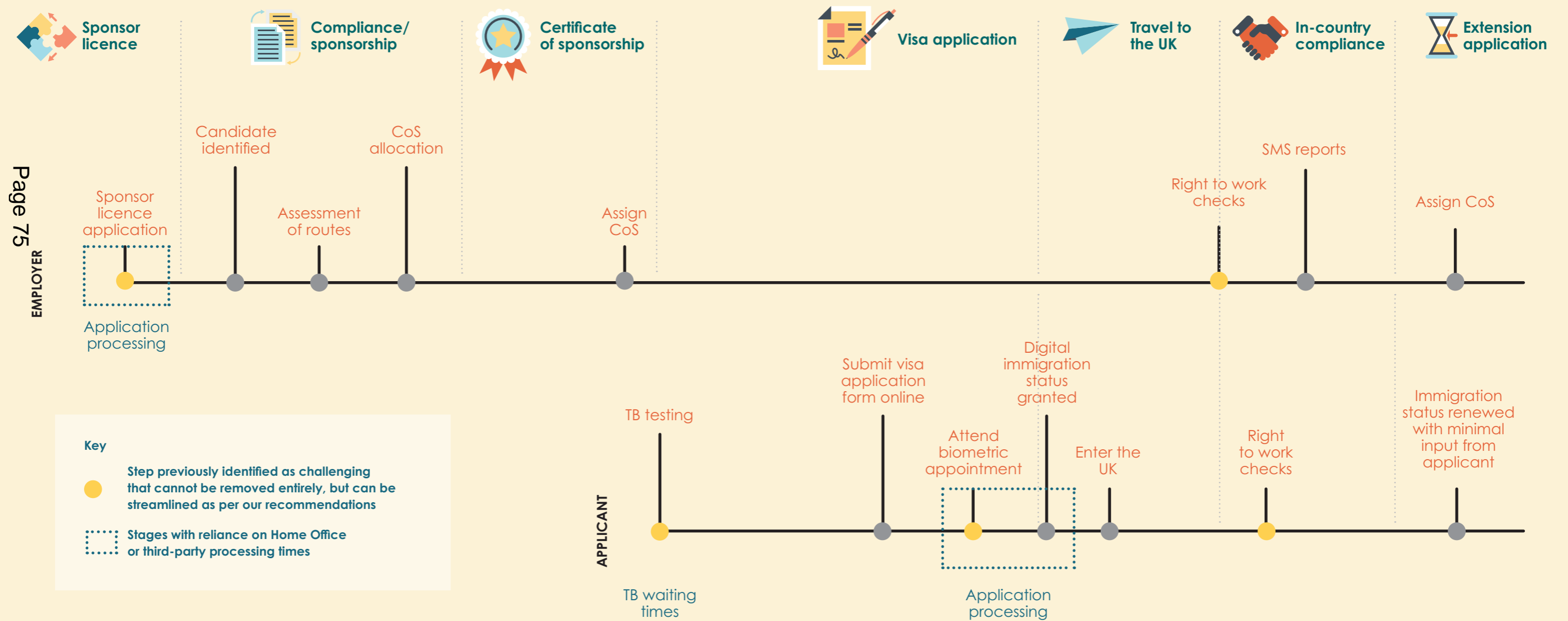
Overview of key challenges and how our recommendations benefit users

Challenge, as reported by respondents	
 <p>Reuse of data</p>	<p>Visa applicants need to provide the same biographic information up to four or five times throughout their stay in the UK – very little data is reused appropriately.</p>
 <p>Page 74</p> <p>Sponsor licence</p>	<p>The process of applying for a sponsor licence is 'intimidating' for new sponsors, with over 300 pages of guidance and the prospect of having to submit multiple applications to learn through trial and error how to apply successfully.</p>
 <p>Visa application process</p>	<p>Visa processing times are highly unpredictable and unreliable, with applicants needing to surrender their passport, preventing travel whilst the application is being processed.</p>
 <p>Sponsor management system</p>	<p>The sponsor management system is seen as outdated and unwieldy for employers that sponsor a large number of visa holders.</p>
 <p>Police registration</p>	<p>Visa holders view the requirement to register with the police to be outdated and redundant as they already provide the same information directly to UKVI.</p>
 <p>English language testing</p>	<p>Visa applicants are often required to sit a time-consuming and expensive English language test when they speak fluent English.</p>

Our recommendations	Impact
<p>Ensure secure and efficient reuse of data already held by UKVI so that applicants do not need to continually re-enter the same information.</p> <p>Eliminate the need for applicants to submit visa extension applications in the UK, with their digital immigration status being updated dynamically by their sponsor.</p>	<p>Visa holders and applicants will save significant time when applying for visas for their family members and when extending their visa, and will have an increased confidence in the UK's immigration system.</p> <p>Additional time will be saved by UKVI not needing to re-enter and re-assess information they already hold.</p>
<p>Implement a dedicated outreach programme operated by UKVI, targeted at SMEs and the particular challenges they face, whether they are overseas or home-based start-ups or are facing the need to apply for a new sponsor licence post-Brexit to sponsor EEA and Swiss workers.</p>	<p>A simplified process that saves significant time for SMEs and start-ups, enabling them to obtain a sponsor licence without the need for repeat applications.</p>
<p>Provide visibility of live processing times so visa applicants can view reliable information on how long their application will take and the current status of their application.</p> <p>Implement a digital immigration status, enabling ongoing travel whilst visa applications are being decided by avoiding the need for applicants to surrender their original passport.</p>	<p>Employers and visa applicants will be able to plan moves to the UK with a higher degree of certainty, resulting in more effective use of resources and avoiding the adverse commercial impact associated with delayed travel.</p>
<p>Offer reporting and notification functionality within the sponsor management system to streamline use of the system for all, but especially employers who issue larger numbers of CoS.</p>	<p>A more efficient system of sponsorship for employers who frequently sponsor overseas talent, reducing administrative burden and increasing employer confidence in the UK's immigration system.</p>
<p>Remove the police registration requirement, as UKVI already captures and holds the same information from visa holders.</p>	<p>Significant time saved for visa applicants and the police, with no reduction in the amount of information held by UKVI and no increased security concerns.</p>
<p>Allow employers holding an A-rated sponsor licence to certify the English language ability of candidates, avoiding the need for a test.</p>	<p>A streamlined visa application process that can reduce the time associated with obtaining a visa by several weeks.</p>

A world-class visa application system

Processes associated with a typical Tier 2 (General) visa application post recommendation implementation



N.B. The above also assumes recent recommendations by the Migration Advisory Committee are adopted in full

Acronyms

CoS/RCoS – Certificate of sponsorship/Restricted certificate of sponsorship

RLMT – Resident labour market test

SMS – Sponsor management system

TB – Tuberculosis

ELT – English language testing

The UK's current immigration policy environment

The operation of the UK's immigration system is underpinned by a complex set of policy objectives which aim to reduce net migration while supporting certain categories of immigration that are seen as being in the economic interests of the country or which fulfil humanitarian aims. Many of these policy objectives are currently in a state of flux, largely due to the UK's impending departure from the EU and the end of freedom of movement.

In October 2018, Prime Minister Theresa May announced that the Government would adopt the Migration Advisory Committee's core recommendation that post-Brexit, the UK's immigration system should discriminate on the basis of skills, rather than nationality. On this basis, from 2021²⁰, EEA and Swiss nationals arriving in the UK will probably need a suitable visa to enable them to work here and will, in all likelihood, be added to the number of non-EEA candidates currently grappling with the UK's immigration system.

A re-examination of immigration policy objectives has been the subject of several notable papers over the last few years. However, for the reasons highlighted – and not least the additional numbers of applicants our system may be about to serve – it is imperative that focus also falls on the intricate set of operational procedures that applicants and their employers must undertake to obtain a visa for the UK. Many respondents pointed to the cumulative effect of inefficiencies, frustrations and delays.

When considered as a whole, these challenges take up many days of both the employers' and applicants' time – and have become a significant consideration in resource and productivity planning. This is time and effort that could be better spent generating economic growth in the UK.

Many of our recommendations below concern disparate parts of the visa application process. However, just as the cumulative impact of frustrations with current processes can be significant, the positive impact of a future streamlined system will be critical for the UK. This promises to generate value for business, delivering a positive personal experience for applicants and driving competitive advantage for the country.

The foundations for an improved system

It should be recognised that UKVI has, over the last few years, made concerted efforts to become more customer focused. Many respondents highlighted the increasing availability of optional priority services as a positive development, although this was regularly balanced with the view that reliability is key. In the majority of cases, employers commented that they would rather have a slightly longer but guaranteed processing time than an unpredictable, but occasionally shorter, process.

Similarly, respondents who had attended a demonstration of the application process associated with the EU Settlement Scheme (opening in March 2019) were in agreement that this represented a positive and important step forward.

The application process is designed to be straightforward and user-friendly and utilises data already held by HMRC and DWP to enable algorithms to assess automatically an applicant's eligibility for settled status. UKVI caseworkers are encouraged to contact applicants promptly and work with them to obtain missing information and documentation, rather than rejecting an application. Respondents were hopeful that systems created for this new application process could be applied to points-based system applicants in the near future.

In engaging with senior UKVI stakeholders, it is apparent that they seek an effective, ongoing dialogue with users of the system and are eager to improve the UK's visa application processes.

We recognise that some of the improvements we propose will require time and financial resources to implement, either because they require changes to primary legislation, or because they involve the development of new IT systems or modification of existing ones – but some are quick wins for UK business and applicants. With this in mind, we have also outlined a proposed timeline for each of our recommendations.

²⁰ European Commission, 'Draft Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community', (March 2018), available at: https://ec.europa.eu/commission/sites/beta-political/files/draft_agreement_coloured.pdf

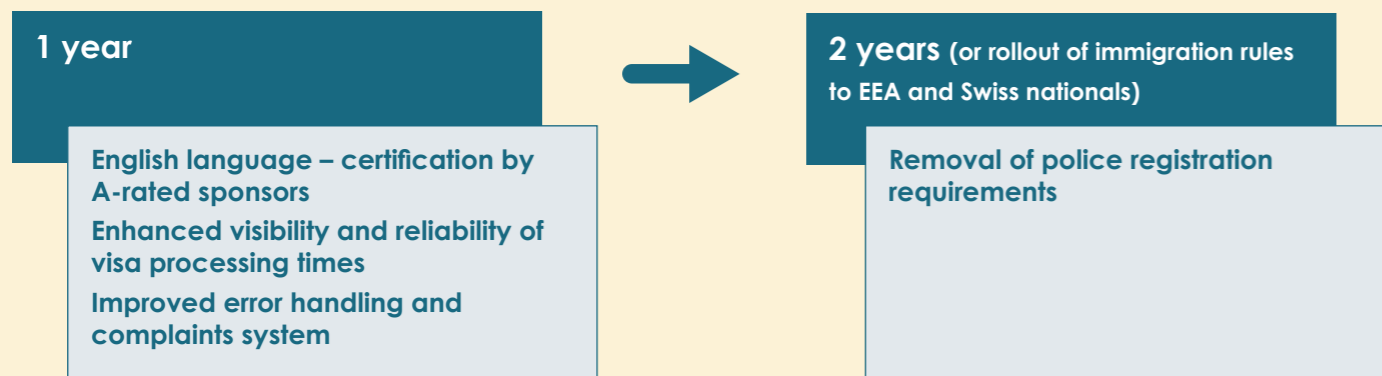
Recommendation 1 – Reduce the administrative burden and uncertainty associated with visa applications

We recommend a substantial reduction and reconfiguration of administratively burdensome process steps associated with the UK visa application system including:

- The facility for employers holding an A-rated sponsor licence to certify the English language ability of the applicant on their certificate of sponsorship (CoS), eliminating the need for English language tests and UKNARIC certifications.

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- Enhanced visibility of live processing times at the point of application for a visa, so visa applicants can view reliable information on how long their application will take and the current status of their application, in much the same way as tracking technology is used for other non-immigration purposes.
- An improved error handling and complaints system to facilitate the prompt resolution of errors by UKVI or third-party service providers.
- Elimination of the requirement for applicants of certain nationalities to register with the police – an outdated and redundant obligation which would liberate both police and applicant time.



Implementation and rationale

English language certification by sponsors

Respondents reported that applicants frequently find the process of demonstrating that they meet the English language requirement overly burdensome. This is often due to poor availability of English language test appointments or the timeframes and documentary requirements associated with utilising UKNARIC. These administrative steps often add up to four weeks to a typical visa application.

Our solution is to offer Tier 2 sponsors the option of certifying that the applicant can speak English to B1 standard on the applicant's CoS, where the company holds an A-rated sponsor licence. Whether the applicant is already employed by the sponsor in the UK or overseas, or is a new hire coming for interview, it will be relatively straightforward for the sponsor to determine that the applicant can communicate in English at an intermediate level²¹. In borderline cases, sponsors will still have the option of asking the applicant to provide relevant documentation. Compliance can be monitored as part of the UKVI audit system.

The sponsorship system – balancing 'up front' control with the retrospective monitoring of compliance

Tier 2 (skilled workers), Tier 4 (students) and Tier 5 (temporary workers) of the PBS operate via a sponsorship system. The 'quid pro quo' is that by agreeing to comply with a set of sponsor duties, sponsors, including employers, are able to benefit from a simpler process for each application to sponsor a non-EEA national. For example, prior to the introduction of the PBS, employers were required to apply for a work permit, which might have taken the Home Office six weeks to grant. Under the PBS, sponsors can now assign a CoS, which is equivalent to a work permit under the old system, within an hour or two. Compliance is monitored by UKVI retrospectively, with significant penalties for those found to be abusing the system.

Our recommendations, particularly the proposal to allow sponsors to certify an applicant's English language ability, open up the question of how UKVI should balance up-front control, which is often inefficient and time-consuming for all parties, with the retrospective monitoring of compliance. The complete elimination of either of these methods of control is beyond the scope of this report, but it was apparent from our research that respondents were keen for the precise balance to be re-examined. Whilst not universal amongst respondents, there was a frequently voiced suggestion, particularly from frequent users, that they would prefer a system that offers A-rated sponsors a light touch visa application process in return for a more frequent, and perhaps predictable, framework for UKVI compliance audits.

21 Level B1 of the Common European Framework of Reference for Languages (CEFR)

Enhanced visibility and reliability of visa processing times

Respondents reported that even where they or their staff had paid hundreds or thousands of pounds in additional fees to expedite a visa application, UKVI processing times were often unreliable, and that there is no accountability when these timeframes are exceeded. The fact that applicants must submit their passport for at least part of this process, and so are unable to undertake any critical business or personal travel, exacerbates this challenge.

We recommend a system that shows current live processing times to applicants at the point of application so they can plan their international travel and start date accordingly. Respondents recognised that it would not always be possible for UKVI to guarantee these timeframes. However, they ask for greater sense of urgency when standard timeframes have been exceeded, including clear communication with the applicant on the reason for the exception.

An improved error handling and complaints system

Respondents commented that when errors were made by UKVI or their outsourced third-party service providers²², there appeared to be little urgency associated with the matter being rectified. UKVI's service standard for responding to complaints is four weeks. Where, for example, UKVI has included incorrect dates on a visa – an issue that prevents the visa holder from travelling to the UK – they are forced to wait for a response, potentially missing many weeks of work or study.

We suggest the implementation of an improved error handling and complaints system that dedicates additional UKVI resources to create a new, user-focused approach, ensuring the visa application process can run efficiently, even when things go wrong. UKVI staff should receive additional training to enable them to rapidly identify whether UKVI or an outsourced third-party service provider is at fault, accept the error and rectify the matter as quickly as possible. For simple, objectively clear errors, such as misprinted information, delayed document dispatch or misplaced documents, the service standard for rectifying the error should be 48-hours, not four weeks.

Page 78 Case study: Visa application updates

Rather than caseworkers providing direct updates to applicants, the Irish visa application system operates by way of a queue mechanism which provides up-to-date information on where applications are in the queue. The Department of Business Enterprise and Innovation posts the date of work permit applications currently being considered. While this system does not provide the exact date as to when a decision will be made, it does provide reassurance for applicants as to where their application might be in the queue and assists immigration providers with monitoring the progress of applications generally.

Case study: Rectifying errors

The Hong Kong Immigration Department allocates case numbers to applications, enabling representatives to resolve challenges directly with a specific caseworker and any document issues or processing problems to be rectified directly.

Similarly, the accessibility of the German system allows representatives to build relationships with decision-making teams, promoting two-way dialogue where mistakes are made or where information is unclear. Refusals, in the sense that we understand them in the UK, are rarely an issue as representatives work together with decision-makers to facilitate the expected outcome.

The decision-making approach in Canada is similar, and businesses generally have a high degree of confidence in the decision-making process. Officials may reach out to businesses to confirm certain details wherever there has been an apparent oversight, rather than refusing the application.

While each of the processes above do not necessarily eliminate all mistakes made in the decision-making process, they do allow for a greater confidence in the system due to a more practical and collaborative approach.

Removal of the police registration requirement

Respondents raised concerns that the requirement, which was first introduced in 1914 and requires visa holders of certain nationalities to notify local police of changes to their address and marital status, is now severely outdated and appears to serve no practical function. All holders of BRPs are already required to notify UKVI directly when their personal details or address change and are able to do so electronically and without taking up the police's valuable time.

We propose that the police registration system be removed entirely, as UKVI already captures and holds the same dataset. Methods for ensuring national security have moved beyond asking foreign nationals to self-report changes of status at their local police station.

Recommendation 2 – Create a digital immigration status

We recommend the move to an entirely digital immigration status, thus eliminating physical visa vignettes and BRPs. As implemented in other countries, a digital immigration status is a secure 'log' of the individual's current and past immigration status, tied to their passport number and biometric information²³. This change would facilitate the following benefits for applicants and their employers:

- Removing the need for visa applicants to surrender their passport for an uncertain period during which they are unable to travel.
- Offering increased security and reduced confusion for employers through the use of electronic right to work checks.
- Reducing the considerable business and personal challenges associated with loss or delayed delivery of BRPs.



Case study: Electronic visa system

Australia's visa system has a large range of different visa categories with 22 subclasses for work and skilled visas. This can make the customer experience confusing and future reform may point to reducing the number of categories. However, in terms of usability at the point of access, users point to a relatively sophisticated electronic visa system that works well and eliminates the need to provide original hard-copy documents. While visas are linked electronically to passports, they need not be attached to them physically. This reduces the number of touch points in the application process and helps streamline the overall customer experience.

Implementation and rationale

Respondents highlighted numerous challenges associated with physical immigration documents, including:

- Delays in the production and collection of visa vignettes and BRPs, frustrating travel and delaying the applicant's start date.
- The obligation on employers to check a candidate's right to work in the UK effectively requires the employer to have an in-depth understanding of the immigration system and the significance of brief remarks printed on a vignette or BRP to avoid unwittingly employing a migrant worker illegally.
- Acute difficulties faced by visa holders who have their BRP stolen whilst abroad. Victims of such crimes are often required to wait for many weeks in a country they may have only visited briefly while a new visa vignette is printed and affixed to their passport.

The implementation of a digital immigration status will eliminate the business and personal challenges identified above. Applicants will no longer need to surrender their passport so that a visa vignette can be affixed, enabling them to undertake business travel while their visa application is pending. A digital status can be readily checked at the UK border, so the complications associated with a visa holder having their BRP stolen are removed. Digital status will also enable an online system for verifying their right to work, clearly outlining the work the visa holder is allowed to do and helping employers make correct decisions on matters of compliance, reducing instances of unintended illegal working.

In addition to the practical benefits outlined above, digital status is less susceptible to forgeries and thus inherently more secure.

Progress so far:

- UKVI has been developing a new technology system to facilitate an electronic immigration status for EU citizens who register their status in the UK under the EU Settlement Scheme from March 2019.
- The Government has introduced legislation to facilitate the future implementation of electronic visa vignettes for non-EEA citizens.
- UKVI has implemented functionality to enable employers to perform a digital check on a BRP to verify the type of work the holder may undertake. However the system does not provide a statutory defence to employers who unknowingly hire an illegal migrant and in its present form is therefore duplicative.

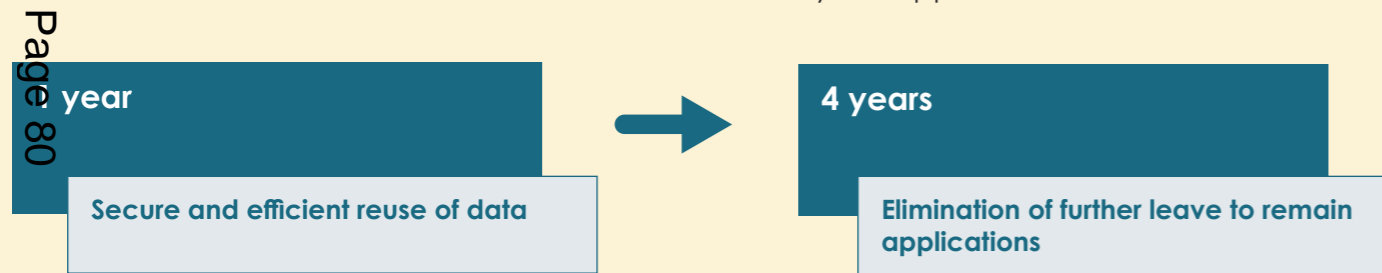
Our proposal draws on the progress already made within UKVI in developing new electronic systems but does not stop there. For applicants, visa holders and employers to benefit fully from the efficiencies outlined above, we must ensure that we work towards a wholly digital immigration status, rather than accept a system that relies partly on physical status documents and partly on digital status.

23 The UK's immigration system currently uses digital fingerprints and a photo to identify applicants

Recommendation 3 – Avoid duplicative process steps when extending a visa

We recommend the simplification and eventual elimination of applications to extend a visa in the UK in visa categories that involve a sponsor, e.g. Tiers 2, 4 and 5:

- With the implementation of a digital immigration status, sponsors including employers and universities should be able to extend an individual's immigration status digitally via their sponsorship management system rather than completing a superfluous further leave to remain application.
- In the interim period, personal data held by UKVI should be securely and efficiently reused to populate application forms on extension to avoid unnecessary re-entry by the applicant.



Case study: Extension applications

Tier 2 of the PBS does not impose a policy-based requirement on employers and their staff to extend their visa after three-years in the UK. Instead, the decision of whether to apply for a three-year visa or a five-year visa rests solely with the employer. This is often dictated by the employer weighing up the additional cost of a five-year visa against the possibility the visa holder may leave their employment during the first three-years, as well as the length of time the applicant is required to remain in the UK.

Where a Tier 2 visa holder needs to extend their status after three-years, although the primary requirement is that the employer assigns a new CoS, the visa holder is still required to undertake an administratively burdensome, duplicative and stressful formal extension process known as further leave to remain. This involves the visa holder and their family filling out multiple forms and then waiting for a decision for up to 12 weeks.

Implementation and rationale

Respondents told us that the in-country extension process was typically less onerous and prone to delays than the process of submitting a visa application outside of the UK. Nonetheless, the question was asked – if the only difference between a three-year visa application and a five-year application is the employment period specified on the CoS, why can't we extend our employee's immigration status simply by assigning a new CoS after three-years?

The answer is that there doesn't appear to be any real policy-based reason why employers should not be able to extend a Tier 2 visa simply by assigning a new CoS and paying the relevant fees. In practice, an application is needed under the current system because UKVI must print a new BRP once the extension has been granted.

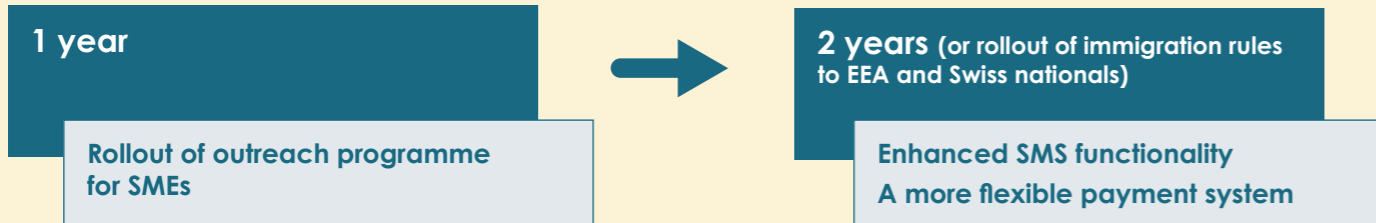
We recommend that with the elimination of physical immigration documents (including BRPs) outlined in recommendation 3, administratively burdensome extension applications also be eliminated. Instead, the process of extending a Tier 2 visa holder's digital immigration status should merely involve the employer assigning a new CoS. We envisage the data contained on the CoS would then be automatically validated via simple algorithms before automatically extending the visa holder's digital immigration status without any need to submit original documents or biometrics or go to a visa application centre. This improvement would save significant amounts of time for employers, applicants and UKVI, who would no longer need to process extension application forms.

We acknowledge that the implementation of the system described above will take some time. By way of an intermediate step, we would recommend the streamlining of the extension process. One simple way of doing this would be to implement the secure and efficient reuse of data provided by the applicant when they submitted their first visa application. Instead of requiring the applicant to re-enter basic personal and family biographical information each time they extend their visa, a secure 'identity' tied to the applicant's passport and email address will enable the automatic population of application forms. The applicant would simply be asked to confirm that nothing has changed. This technology can also be deployed in cases where a new formal application will always be required, for example when applying for indefinite leave to remain.

Recommendation 4 – Provide tailored support to employers sponsors of different sizes and in different sectors to encourage investment and growth in the UK

We recommend a number of changes to the sponsor licensing system to offer enhanced support to sponsors of different sizes and sectors, including:

- A dedicated outreach programme, targeted at SMEs and the particular challenges they face, whether they are overseas or home-based start-ups or are facing the need to apply for a new sponsor licence post-Brexit to sponsor EEA and Swiss workers.
- Enhanced reporting and notification functionality within the SMS to streamline use of the system for all, but especially employers who issue larger numbers of CoS.
- A more flexible payment system for all sponsors, with the option for employers and applicants to make payment for all relevant fees at one time rather than requiring multiple repetitive payments.



Case study: Access to decision-makers

One of the challenges policy-makers face when trying to improve an immigration system is in attempting to balance certainty with flexibility. The German immigration system manages this by offering a high level of access to decision-makers – corporate users can discuss specific scenarios and cases directly with the Labour Department and receive assurance that they are acting compliantly. This common sense approach avoids applications being refused purely because of simple errors in filing, scanning or decision-making.

Implementation and rationale

Outreach programme for SMEs

Respondents told us that the process of applying for a sponsor licence is a significant hurdle for SMEs, whether they are long established UK-based companies that have never needed to sponsor a migrant worker before, start-ups or new UK branches of overseas companies. These organisations often have neither dedicated HR functions nor in-house UK immigration specialists. Therefore the significant administrative overhead and compliance risk associated with understanding the 300 pages of guidance associated with becoming a sponsor and applying for visas²⁴ is of considerable concern – often falling at a time when other aspects of establishing a new corporate presence or business development is a priority.

We therefore recommend, that in the run-up to 2021 and beyond, UKVI offer an enhanced level of support to SMEs looking to apply for a sponsor licence for the first time. The Home Office has recently begun to deliver a highly effective outreach programme in relation to the EU Settlement Scheme. This creates an opportunity for communications to be extended to cover employers who will be prompted to apply for a new sponsor licence to sponsor EEA and Swiss workers after the end of freedom of movement. We anticipate this programme could include:

- Concise, sector-specific guidance on Tier 2 eligibility, combined with a simple online 'calculator' through which employers can determine whether a role meets skill and salary thresholds.
- A relaxation of the strict system whereby applications for a sponsor licence are rejected purely because of missing documentation. UKVI should instead review records held by other Government bodies, including HMRC, as well as public records before doubting whether the applicant is a genuine business.
- A temporary easing of the implicit requirement that an employer must have a pressing need to sponsor a migrant worker in order to apply for a sponsor licence. If employers must wait until they have an imminent need, this is likely to create a significant rush of applications in early 2021. Instead, employers should be encouraged to apply sooner rather than later to regulate the volume of applications UKVI must process, with the four-year validity of their sponsor licence only commencing once they sponsor their first migrant worker.

24 UKVI, 'Sponsorship: guidance for employers and educators', (July 2018), available at: <http://www.gov.uk/government/collections/sponsorship-information-for-employers-and-educators>

Conclusion

Enhanced SMS functionality

Corporate respondents who are frequent users of Tier 2 reported that the SMS is inefficient, particularly in relation to:

- Submitting notifications of minor changes to work details, including increases to salary and changes to work address. Respondents suggested that it should be possible to upload 'bulk' notifications, either in spreadsheet format or via a secure API²⁵ which would enable integration with employers' own systems.

Page 82 Search and reporting features – similarly, employers often want to view this data holistically, rather than by searching for one individual, downloading the data and then searching for the next individual. Respondents requested the functionality to be able to run advanced reports, either within the SMS or via an API.

Our proposal is that the feature set identified above be implemented within the SMS, saving a significant amount of time for all – but particularly corporates with larger sponsored populations.

A more flexible payment system

A typical visa application involves four separate credit or debit card payments for the main applicant and an additional two such payments for each dependent family

member. In certain cases, additional payment must be made in cash at the visa application centre. With the exception of the immigration skills charge, which must be paid by the employer, there are no rules on who, between the applicant and their employer, must bear the financial burden associated with these payments.

However, logistically, some of these payments can only be made by the employer, and some can only be made by the applicant. Respondents told us that this creates a complex system whereby on some occasions, applicants must claim back payments they made through their employer's expenses process. On other occasions, the employer claws back certain payments that they have made from the applicant through their payroll system.

We recommend a more flexible payment system that generates a unique payment ID code for each payment due. These payment ID codes can then be passed to whoever will bear the ultimate financial burden²⁶ so that relevant payments can be made without needing to claim the amount back from the other party. Employers will also benefit from being able to make payment 'runs' for multiple applications in one go, further reducing the associated administration.

To achieve the objective of developing a world-class visa process that supports the UK economy in continuing to grow over the next five-years and beyond, it will be crucial to build on recent progress. We have developed our recommendations to help prioritise improvements that will have the largest possible positive impact for current UK employers, their employees and overseas corporates wishing to expand and invest here in the future.

Our recommendations, when fully implemented, will bring about the following benefits:

For visa applicants and visa holders:

- A faster, more reliable visa application process that supports applicants in planning their move to the UK without having to juggle uncertain and complex processes.
- An end to the reliance on physical immigration documents (e.g. visas, BRPs) that can be lost, and the requirement for applicants to surrender their passport for several weeks.
- Reduced administrative burden and touch points with UKVI by virtue of more effective use of data already provided by visa applicants, including ending the requirement to visit a police station to register changes to address.

For employers:

- The ability to plan more reliably international assignments to the UK and new hires, with increased certainty as to when a candidate can commence their role in the UK.

- A more efficient sponsor process underpinned by an enhanced sponsor management system, reducing internal or outsourced costs associated with sponsoring visa applicants.
- A simpler and more flexible process for SMEs and start-ups in applying for a sponsor licence, with increased support from UKVI, freeing up resources to focus on establishing a new corporate presence or business development.

For UKVI and wider government:

- Increased confidence in the UK's immigration system as a mechanism for supporting the UK's economic goals, as well as controlling immigration – creating wider benefits for society.
- A significant reduction in the amount of manual processing by UKVI staff when processing applications, including rechecking data already held by UKVI, allowing redeployment of staff to more strategically important tasks.
- An end to the police registration process, freeing up resources within the police force.

Looking forward, we welcome the opportunity for further engagement with UKVI on our recommendations, many of which are solely within the policy remit of UKVI to implement without requiring substantive legislation. The more ambitious recommendations, including the future vision of an entirely digital immigration status, will take time, changes to primary legislation and infrastructure development. That being said, these improvements will bring significant value to all stakeholders without compromising the ability to control immigration – now is the time to act, invest and create a world-class visa process for the UK, for the benefit of all.

²⁵ Application Programming Interface (API) – this functionality exists within other parts of the Gov.UK website, notably HMRC

²⁶ With the exception of payment for the immigration skills charge, which as per policy, must be made by the employer

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Glossary

Annual limit ('the cap')

Introduced in April 2011, there is an annual limit of 20,700 Tier 2 (General) certificates of sponsorship available to employers per year, primarily used to sponsor visas for new hires from outside of the UK. Intra-company Transfers and in-country extensions are excluded from this limit. Visas within this limit are allocated by UKVI to employers each month, and where that month's allocation is exceeded, applications are prioritised by a number of factors, including:

- Whether the role is on the Shortage Occupation List
- Whether the role is skilled to PhD level
- The salary (in absolute terms) of the role.

Where an application is refused because other applications have been prioritised, the employer can reapply the following month, but can have no confidence that their application will be granted, as reapplications are granted equal weight to new applications.

Between December 2017 and July 2018, the annual limit was heavily oversubscribed and many applications were rejected as a result. From July 2018, doctors and nurses were excluded from the limit, freeing up significant numbers of certificates of sponsorship for other applicants. From August to October 2018, the annual limit has been undersubscribed, meaning all valid applications have been approved.

The Migration Advisory Committee (MAC) has recommended the abolition of the annual limit as it creates uncertainty among employers.

Biometric residence permit (BRP)

This physical ID card acts as evidence of the holder's immigration status, or visa, in the UK. BRPs are produced inside the UK and, due to security concerns, UKVI will not courier BRPs overseas. Instead, candidates applying from outside of the UK are granted an initial 30-day visa vignette and then must collect their BRP from a nominated branch of the Post Office once they arrive in the UK. Applicants who extend their visa inside the UK are sent a new BRP confirming the validity of their extended visa, and their old BRP is retained and destroyed by UKVI.

Certificate of sponsorship (CoS)

For each non-EEA national they wish to sponsor, employers submit a form via the sponsor management system (SMS) containing information regarding the migrant and the job they will be performing in the UK, and pay the relevant fee by credit or debit card. This generates a certificate of sponsorship – an electronic document or database record that exists within the SMS. The applicant then includes the CoS's unique reference number on their application for a visa. This visa application typically has to be submitted outside the UK, in the applicant's usual country of residence.

The CoS is roughly equivalent to a work permit issued by the Home Office under the UK's immigration system pre-2008.

English language requirement

Non-EEA nationals applying for a visa under the Tier 2 (General) subcategory of the PBS must demonstrate that they can communicate in English at an intermediate level – B1 of the Common European Framework of Reference for Languages (CEFR). Unless the applicant is a national of a majority English language speaking country such as the US, Canada, and Australia, they generally need to take an approved English language test, which typically expires after two-years. Alternatively, they can apply to UK NARIC for confirmation that their degree is equivalent to a UK degree and was taught in English.

Visa/entry clearance application process

A visa /entry clearance application is the application process by which a non-EEA national who is outside of the UK applies for permission to enter the UK. The terms are broadly analogous depending on the nationality of the applicant – we have used the term 'visa' and 'visa application' in this report to cover both circumstances. This involves completing an online application form, booking an appointment at the nearest visa application centre and then attending in person with any family members who are also applying at the same time.

Applicants are generally required to submit original documentation including passports, bank statements, payslips and evidence of English language ability. The application is then decided, either locally or in the UK, and the decision and documents returned to the applicant. If the application has been successful, in most cases the applicant and their family members will receive visa vignettes in their passports with a validity of 30 days.

The applicant and their family members must then travel to the UK within those 30 days to 'activate' their visa status and collect their biometric residence permit (BRP), which evidences the full validity of the visa they have applied for.

EU/EEA/European nationals/citizens

The terms 'European' and 'EEA' are used to denote all countries in the EEA (the EU Member States together with Iceland, Liechtenstein and Norway) and Switzerland. The term 'EU' is used specifically to exclude citizens of Iceland, Liechtenstein, Norway and Switzerland, primarily in relation to the draft withdrawal agreement between the UK and EU. For the purposes of this report 'EU' also excludes those who hold UK citizenship.

Fees, including optional priority fees

The various costs associated with a visa application for the UK generally fit into one of the following categories:

- **Visa application fee** – this varies for different application types. For example, a visa for the spouse of a British citizen is significantly more expensive than a Tier 2 visa.
- **Certificate of sponsorship fee** – the fee associated with assigning a certificate of sponsorship via the sponsor management system – £199.
- **Immigration health surcharge** – introduced in 2015, funds raised by this fee are not retained by UKVI and are used to support the National Health Service – £200 per person per year for most applicants, payable in full at the point of application. This will increase to £400 per person per year from December 2018.

- **Immigration skills charge** – Introduced in 2017, funds raised by this fee are not retained by UKVI and go to central government, notionally to support training and upskilling local workers – £1,000 per person per year for Tier 2 applicants, payable in full at the point of application.
- **Optional priority fees** – UKVI and third-party service providers offer a range of optional priority services to expedite applications. Availability differs from location to location. Examples include:
 - Expediting visa/entry clearance applications to around five working days – £212
 - Expediting visa/entry clearance applications to 24-48 hours – £956
 - Expediting extension/further leave to remain applications to around 10 working days – £477
 - Expediting extension/further leave to remain applications to one working day – £610.

By way of an example, the costs associated with a two-year Tier 2 (Intra-company Transfer²⁷) visa application with two accompanying family members are as follows:

	Main applicant	Per family member
Visa application fee	£610	£610
Certificate of sponsorship	£199	-
Immigration health surcharge	£400	£400
Immigration skills charge	£2,000	-
Priority fee	£212	£212
Total for main applicant and two family members		£5,865

²⁷ In broad terms, an applicant would qualify for this type of visa by virtue of being transferred to the local branch of their employer having worked for the same company overseas for at least a year or two

Freedom of movement

One of the four fundamental freedoms of the EU, this concept permits EU, EEA and Swiss nationals to live and work freely in the UK with limited restrictions and vice versa. The Government has committed to ending freedom of movement as part of leaving the EU.

Migration Advisory Committee (MAC)

An independent, non-statutory, non-time limited, non-departmental public body that advises the Government on migration issues. The MAC is made up of a chairperson and three other independent economists. The Home Office is also represented on the committee.

Non-European/non-EEA nationals/citizens

Used to describe the group of overseas citizens who do not benefit from freedom of movement and are therefore currently subject to the requirement to obtain permission to live and work in the UK, e.g. a Tier 2 visa.

Payment system

With the exception of the immigration skills charge (ISC) which must be paid by the sponsor/employer, each of the fee payments associated with a visa application can be paid by any party, but are generally paid by either the applicant, their employer or some combination of the two. Most visa applications require four or five separate payments via different systems, each with their own login.

Police registration requirement

First introduced by the War Precautions Act of 1914, extended by the Aliens Restriction Act of 1919 and then renewed by the Immigration Act of 1971, the police registration provisions require nationals of 42 countries to register their status with local police in the UK and inform the police whenever their personal details change – this must occur within a prescribed time limit. This includes changes to address, marital status, immigration status or passport. The initial registration costs £34 but subsequent notifications of change of status do not attract additional fees.

Nationalities covered by this requirement include:

- Argentina
- Brazil
- Cuba
- China
- Egypt
- Israel
- Turkey
- Uzbekistan.

Points-based system (PBS)

The collection of immigration routes, or categories, under which non-EEA nationals apply for permission to live and work in the UK. The main provisions of the scheme were phased in between 2008 and 2010 and consist of the following tiers:

- Tier 1 – 'High value' migrants, e.g. investors, entrepreneurs, 'exceptionally talented'.
- Tier 2 – Skilled workers sponsored by a UK employer.
- Tier 3 – Low skilled workers – not currently open to any applicants.
- Tier 4 – Students.
- Tier 5 – Temporary workers.

Resident labour market test (RLMT)

The mechanism by which employers must demonstrate that they are unable to locate a suitable settled worker before being allowed to sponsor a non-EEA worker. Generally this involves advertising a role for 28 days on two websites, including the DirectGov 'Find a job' website. Adverts must contain specific information to qualify as a compliant RLMT, including a closing date, indication of salary, location and a full job description with requirements.

The Migration Advisory Committee has recommended the abolition of the RLMT or otherwise that it should only be required for roles with lower salaries, for example those attracting less than £50,000 per annum.

Right to work checks

The UK operates a robust illegal working regime that requires employers to perform compliant right to work checks on all candidates before they commence employment, regardless of nationality. Employers must review an original document prescribed by Home Office policy, such as a passport, and must either see the candidate in person or via video link to establish that they are the genuine holder of the document. Employers must also retain a copy of the document checked and record the date the check took place.

Where a non-EEA national holds a time-limited immigration status, i.e. a status or visa that will expire, their employer is required to monitor the expiry date and perform a repeat right to work check to ensure that the employee has extended their status – and therefore their validity to work.

Sponsor licence application process

In order to sponsor non-EEA nationals for a Tier 2 visa, a UK employer must first apply to UKVI for a Tier 2 sponsor licence. This process includes completing an online application form and then sending specific original or certified copy documentation to UKVI. The documentation, which typically includes corporate bank statements, an office lease and VAT or PAYE registration, can often take start-ups and new UK branches of overseas companies some time to obtain. Where mandatory documentation is omitted, the application will typically be rejected.

Sponsor management system (SMS)

An online system operated by UKVI through which sponsors assign certificates of sponsorship to visa applicants. The SMS provides basic functionality to search for a certificate of sponsorship that has previously been assigned, and view and alter some basic information held by UKVI on the employer and their staff. The system is largely unchanged since its introduction in 2008 and many respondents commented that it is not particularly user-friendly and lacks functionality to support more frequent users of the system.

Sponsor ratings

When UKVI approves an application by a UK employer for a Tier 2 sponsor licence, it will by default grant an 'A-rated' sponsor licence, on the assumption that the employer has systems in place to comply with the sponsor duties imposed by UKVI, including right to work checks, monitoring attendance and document retention. UKVI monitors compliance with these sponsor duties via ad-hoc review of certificates of sponsorship and visa applications, as well as announced and unannounced audits conducted by UKVI staff at the employer's offices. Non-compliance can lead to a sponsor licence being 'downgraded' to a B-rating, preventing the employer sponsoring any new workers until the non-compliance has been rectified and this evidenced to UKVI. Extreme or persistent non-compliance can result in the sponsor licence being revoked, resulting in all Tier 2 visa holders losing their immigration status, forcing them to switch to another employer/ sponsor or otherwise leave the UK.

Tier 2

Tier 2 of the points-based system is the main route used by nearly 30,000 UK employers to bring overseas talent to the UK, as there are few alternative visa options available. Of 245,131 work visas granted inside and outside the UK in 2017, Tier 2 visas made up over 60%²⁸. Employers typically use one of the following categories within Tier 2:

- The Tier 2 (Intra-company Transfer) visa category allows employees to be transferred to the UK branch of their overseas employer, generally for up to five-years.
- The Tier 2 (General) visa category is used for new hires into a UK organisation and normally allows the holder to settle permanently in the UK after five-years.

TB testing

Non-EEA nationals applying for a visa of more than six months from a country with a high incidence of pulmonary tuberculosis are required to undergo a clinical examination, in most cases an X-ray, to demonstrate that they are free from tuberculosis. These clinical examinations, or 'TB tests', may only be performed by clinics approved by the Home Office, of which there are typically only a limited number in each location.

UK Visas and Immigration (UKVI)

The operational wing of the Home Office that runs the UK's immigration system. This function was previously administered by the UK Border Agency (UKBA) as an executive agency until 2013.

Visa

A generic name for the grant of an immigration status that enables the holder to perform certain activities in the UK, dependent on the immigration category or route under which the visa has been granted – for example:

- A visitor visa enables the holder to visit the UK for up to six months but not to perform substantive work in the UK.
- A Tier 2 visa enables the holder to live and work in the UK for the length the visa has been granted.

²⁸ Office for National Statistics, 'Immigration Statistics', (August 2018), available at: <https://www.gov.uk/government/statistics/immigration-statistics-year-ending-june-2018>

Notes

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We aim to:

- Contribute to a flourishing society
- Support a thriving economy
- Shape outstanding environments

By strengthening the connections, capacity and character of the City, London and the UK for the benefit of people who live, work and visit here. For more information about the City of London Corporation, please visit www.cityoflondon.gov.uk

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Committee(s): Public Relations & Economic Development Sub-Committee Policy and Resources Committee	Date(s): 10 th October 2019 17 th October 2019
Subject: Revised China Market Strategy	Public
Report of: Damian Nusbaum, Director of Innovation & Growth	For Decision
Report author: Faye Ye, Head of China & India	

Summary

China is the second largest economy in the world, after the USA, in absolute GDP terms, and has been one of the top priority markets for the UK financial and related professional services sectors (FPS).

The UK has been actively engaging with China through annual UK-China Economic and Financial Dialogues and regular ministerial level visits to promote closer financial links between the two countries. Over the years, financial cooperation has been a highlight and a strong growth for the bilateral relations.

Over 35 major Chinese financial institutions have set up subsidiaries/representative offices in London (majority are in the City) employing around 3,500 people. In recent years, led by the City of London's RMB Initiative, London has developed itself as the largest RMB offshore hub outside of Greater China, and the no.1 offshore RMB FX trading centre in the world which further cements London's position as world's top FX centre. There are now 113 dim sum bonds listed on London Stock Exchange, and the long-awaited Shanghai-London Stock Connect launched in June this year brought the two markets even closer. The UK-China Green Finance Taskforce co-chaired by CoLC has elevated the UK to China's primary partner in green finance.

UK was also the first country to appoint a special envoy to the Belt and Road Initiative, and the first major Western country to apply to join the Asia Infrastructure Investment Bank (AIIB). In 2016, the UK opened a FinTech bridge with China.

The City of London Corporation has been actively supporting the UK Government and UK FPS industry with engagement on China, particularly in areas such as RMB business and Green Finance, championing UK's thought leadership and collaboration with China which contribute to our vision of a global City of London. We have had dedicated offices in Beijing and Shanghai to support our China engagement since 2008, and have had a dedicated team in London managing relationship with Chinese investors from 2017. The more strategically planned Lord Mayor and Policy Chair's visits to China recently have also created a unique and premier venue for direct dialogues with senior Chinese officials and business leaders.

Challenges remain. We cannot ignore the negative impact to the Chinese economy caused by US-China trade war and the on-going political turmoil in Hong Kong. There

are clear signs of a broad slowdown in the world's second biggest economy. It is a challenging situation for Beijing to manage. To ease the pain from declining exports, the Chinese government is cutting taxes, easing restrictions on cross-border money flows and accelerating the opening-up of its financial and capital markets. These policies have created some new opportunities for UK FPS (see Annex B).

In responding to these rising opportunities and challenges, we have revised the City Corporation's China FPS Strategy, including stronger workstreams and delivery channels for members to agree. These are included in the annexes of this report.

Recommendation

Members are asked to approve the updated City of London Corporation China Strategy (Annex A).

Main Report

Background

1. Members approved the developing international strategy for IG as part of the business plan. The Mayoral Visits Advisory's Committee agreed in July for the Lord Mayor to visit China three times in 2020 (Jan, Mar & Sep). The Policy Chair also has planned visits to mainland China and Hong Kong in late Nov 2019 and Jun 2020. This Strategy provides the framework for these visits and wider engagement.

Objectives

2. Our overall China strategy is to position London as a top global financial centre and a supporter to China's financial reform and sustainable development priorities. It will focus on four core objectives:
 - **Investment:** To preserve current Chinese investment stock in the City and build new pipelines of future investment with a focus on higher value investors and large ticket projects e.g. institutional investors (asset management), global/regional corporate treasury centres, bond issuance and high-value FDIs such as China Investment Corporation (CIC) and AIIB establishing in London.
 - **Trade:** To promote to China the London/UK FPS offer with focuses on Capital Markets, Asset & Wealth Management as well as Innovation.
 - **Influence Future Policy Co-operation and Innovation:** To champion London's thought leadership on financial services with focuses on green finance, offshore RMB business, the sustainable development of the Belt & Road Initiative, and Capital Markets Innovation to protect and enhance FPS trade and investment, and influence the development of a modern Chinese financial services sector.
 - **Partnership / Soft Power:** To build strong business, government and UK-China partnerships to deliver investment, trade and policy cooperation.

Financial Implications

3. The estimated cost for the China Strategy is approx. £150k annually to come from existing resources within local risk budget. This figure covers only the programme element of the strategy but excludes staff costs and the running costs of the two CoLC offices in China.

Corporate Implications

4. This strategy delivers against 7b and 7c of the Corporate Plan under the objective 'To Support a Thriving Economy'.

Conclusion

5. China is a top tier priority market for the City of London Corporation, with large investments in the City, and at a crucial time through Brexit, it is important for the City Corporation to maintain active engagement with key stakeholders and investors to protect existing investments and support the growth of new trade and investment opportunities. Members are now asked to review the updated City Corporation Strategy on China and approve the changes.

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Annex A

China Strategic Plan

To support and deliver against our core objectives the City of London Corporation will focus on four work streams in the 2019-2020 financial year:

Strategic Workstreams

1. Investment

- **Retention – to maintain the size and diversification of the UK FPS ecosystem:**

China is the 3rd leading source market in terms of financial services FDI projects for the UK with over 35 major Chinese FS firms present here including large banks (ICBC, Bank of China, China Construction Bank, Agricultural Bank of China etc.), insurance companies and asset managers. Nearly all of these Chinese financial institutions are based in the City and the City Corporation are keeping a close dialogue with them and their headquarters in China. Strong engagement by the City Corporation at all levels with key Chinese institutions is important to demonstrate the value we place on these investments. Our focuses will be to help Chinese institutions to expand their business in London and help their headquarters to understand the important role London plays as a global financial centre.

Planned activities:

- Our engagement with key Chinese stakeholders is ongoing via bilateral meetings, senior visits and major events such as the UK-China Business Leaders Forum we held at the Guildhall on 3 Sep. The next step is to build our connections further around specific topics such as RMB offshore business, asset management, corporate treasury centre and capital markets while the development of these workstreams are maturing.
- **Asset Management – to attract more inflows of capital to be managed in/through London:**

China's asset management industry is now widely regarded as one of the most attractive and important markets for asset managers and investors globally with the size of RMB48 trillion asset under management (AUM). It is predicted that the China asset management market will continue to grow at a CAGR of 10% over the next five years, reaching an AUM of RMB90 trillion by 2023. China's effort to gradually open up its financial and capital markets to international players, including allowing foreign firms to establish Wholly Foreign-Owned Enterprises (WFOEs) or joint venture (JV) in China, has created a tremendous opportunity for the City and global asset managers.

In the past year, we have worked closely with DIT to promote better market access for UK asset managers in China. To capitalise on the access granted to City firms and attract more inflows of capital to be managed in/through London, our focus for the next 12 months is to encourage

Chinese institutional investors such as pension funds and insurance companies to expand their use of London as a platform for their global asset allocation. Portfolio diversification and the growth of ESG investing are increasingly becoming priorities for Chinese institutional investors. UK's global reach and maturity in ESG investing, together with an abundant offering on diversified products, skills, holistic risk-return solutions for institutional investors make us an ideal partner for Chinese institutional investors in both increasing their global allocation and optimising their existing international portfolio (currently heavily tilting towards Hong Kong and the US market). We will explore two themes in the engagement strategy 1) support on capacity building 2) peer-group investment experience sharing.

Planned activities:

- IG are currently developing a campaign with the aim of promoting the use of London as a prime platform to help Chinese investors with their global asset allocation, starting with an exercise to map out the opportunities, stakeholders as well as delivering channels. We aim to activate the campaign from October this year.
 - As a key differentiator of the UK's asset management offer, ESG will form a main component of our efforts to support the management of Chinese mandates through London. An ESG investing workstream is being developed to pair UK and Chinese asset owners to share best practice allocation approaches.
- **Corporate Treasury Centre (new campaign) – to attract multi-national Chinese companies to utilise London as a centre for their global/regional cash management and financing, and to support the growth of London's FX and capital markets:**

IG formed an informal expert group earlier this year to look into the opportunities of London being a global/regional hub for corporate treasury centres and advise the City Corporation on actions to take in order to seize the opportunities. The expert group include members from the Association of Corporate Treasurers, PwC, Slaughter and May and UK Finance. The competitiveness of London is clear due to advantages including fair tax regulations, large network of double-tax treaties, access to network of banking and professional services, access to the largest FX markets, English language, common law and a good living environment. Through this workstream, opportunities have emerged for London to attract corporate treasury teams from two groups of firms, fast globalising Chinese firms and US firms with European operations. It was agreed by the expert group that a China campaign on CTC will be a good start to draw high-value CTC FDIs into the UK.

Planned activities:

- IG will start the engagement with key Chinese stakeholders during CPR's November visit to China.
- We are also engaging with members of the expert group and CTCs already in London to develop a marketing report to support the campaign.

2. Trade

- **Capital Markets – to encourage more Chinese company listings in London:**

The launch of the Shanghai-London Stock Connect is a major milestone of connecting one of the world's largest domestic capital markets with London, the world's leading international market. The City Corporation has worked closely with LSEG and SSE to support the launch of the project, and also hosted a London capital markets event in Shanghai and Hangzhou jointly with LSEG and DIT in July to promote the Stock Connect as well as the wider London capital markets offer.

Chinese companies have become more cautious about using the US markets to raise capital because of the trade war. This presents an additional opportunity for London to be considered as a prime international location for Chinese IPOs.

Planned activities:

- DIT is planning a UK Capital Markets Great Campaign later this year; we will partner with them to look at how to develop the campaign and host promotional workshops during LM and CPR's visits in the next 6 to 12 months.
- IG will also continue working closely with LSEG and SSE to promote the first GDR listing via stock connect. A SSE roadshow event at Mansion House/Guildhall is being planned.

- **Asset Management & Corporate Treasury Centre Campaigns:** In addition to attracting Chinese capital to London using the two campaigns, they are also good channels to export broader UK FPS e.g. banking, legal, accounting etc.

3. Influence Future Policy Co-operation and Innovation

- **Green Finance:** The UK-China Green Finance Taskforce has been the engine room driving the harmonisation of China's green financial regulatory regime with international standards. The overarching objective has been to create fertile conditions for UK FPS firms to attract deal flow to London. Recent engagements include representations to PBoC regarding the inclusion of clean coal in China's green bond standards. In 2019/20, we look to shift our partnership from an exclusively policy dialogue to a commercial catalyst – co-creating new opportunities for UK and Chinese firms.

Planned Activities:

- The UK-China Green Finance Taskforce will continue delivery of priority projects including: the London-Beijing Green Finance Technology Investment Gateway, greening new financial instruments, such as CLOs, ESG disclosures, and ESG integration into investment processes.
- IG will explore the potential of new export avenues, including linking place-based finance projects in the UK to China's green finance pilot zones in Guangdong and Zhejiang.

- **RMB:** Establishing London as a major offshore centre for RMB has long been on the agenda for London and the City Corporation. Launched in 2012 by the then Chancellor George Osborne, the City of London's RMB Initiative (ran from 2012 to 2015) has been monumental in helping London become the No.1 offshore RMB trading hub outside of Greater China. With the recent inclusion of the China A-shares and bonds in major global benchmarks, It is estimated that around \$250bn to \$450bn of global investment capital will be channelled into China's bond market over the next two to three years, and \$70bn of net buying to China A shares. This will help strengthen RMB's weight significantly as an international currency. London being the largest RMB FX offshore centre and a global base for institutional investors will play an important role in facilitating and servicing the cross-border flow of these capital.

In 2018, the Corporation relaunched its influential RMB business initiative in the form of "London RMB Market Monitoring Group" which is co-chaired by the City of London Corporation and the People's Bank of China (PBOC) Representative Office for Europe. The main objectives of the Group are to work with industry to build capacity and to provide recommendations which can further strengthen London's leading role as an RMB offshore centre. The Group has since produced three London RMB Business Quarterly reports and was influential in shaping policy outcomes highlighted in the outcomes paper of the EFD.

Planned Activities:

- The RMB Market Monitoring Group will continue strengthening its leading role in advising both UK and Chinese governments on cross-border/offshore RMB related policy and regulatory matters.
 - IG will continue producing the London RMB Business Quarterly report in partnership with the People's Bank of China Representative Office for Europe and widening the circulation of the report.
- **Belt & Road Initiative:** Sitting on HMT's BRI Expert Board, the City Corporation (represented by CPR) will continue support UK-China collaboration on BRI with focuses on standard setting and exporting UK FPS. A core component of the programme for the BRI Expert Board, and an offshoot of the UK-China Green Finance Taskforce have been the Green Investment Principles (GIP). The GIP are a club of 30 financial institutions aiming to voluntarily redirect their investments away from high emission to green projects.

Planned Activities:

- Through its support for the GIP Secretariat, IG will conduct a maturity assessment of the signatory base. This will highlight relative strengths and weaknesses among significant investors across the BRI and support targeted engagement.
- The potential for UK legal services to enhance the governance of BRI projects, thus meeting a key GIP criterion, will also be explored.

- **Trade Agreement:** Post Brexit there will be an urgent need to create a new trading relationship and partnership with China in services. Working with HMG, and through bodies like TCUK, we will support the development of the future trading partnership to ensure regulatory collaboration and cooperation. This includes working with HMT on the Global Financial Partnership with Hong Kong and supporting Financial Dialogues through business and industry engagement.

4. Partnerships

- **City to City Links:** City of London signed an MoU with the two leading Chinese financial centres, Shanghai and Shenzhen, over ten years ago and the two MoUs were renewed during the Lord Mayor's visits separately in 2018 and 2019. IG is also currently working on a separate MoU with Beijing focusing on developing a joint UK-China green technology gateway in Beijing. Our aim is to ensure London is the FPS partner of choice for Shanghai, Shenzhen, Beijing and Hong Kong, the four largest financial centres in China, and identify tangible opportunities which will help FPS trade and investment. We will focus on ensuring a continuing and regular dialogue at senior level with the Mayor/Party Secretary of the three cities and other key stakeholders through the Lord Mayor, Policy Chair and other senior members.
- **UK-China Women in Finance Initiative:** IG is working with some outstanding UK and Chinese woman business leaders to launch this initiative in the fourth quarter of 2019. The main objective of this initiative is to establish a unique platform for exchanges for experience and knowledge in financial service-related matters and celebrate the achievements of women in FPS in both countries. This initiative will contribute to the diversity and inclusive workforce in FPS for long-term success and support further financial collaboration between UK and China.

Delivery channels

Senior level City engagement: Lord Mayor, Policy Chair and other senior member engagement with key Chinese stakeholders in London and China. Regular meetings with Chinese Ambassador in London and UK CEO of large Chinese financial institutions (see Annex C).

Business Relationship Management: of key Chinese existing and future investors in London and China, working with British Embassy in Beijing and Department of International Trade as well as organisations such as CBBC, London & Partners and TheCityUK to align and share intelligence.

Outbound and Inbound visits: including a yearly Lord Mayoral visits to China and other senior member and officer activity. In the last two years IG, working with Mansion House team, has delivered four outward trade visits to China and Hong Kong with the Lord Mayor, including a senior BRI delegation of 16 and a strong Fintech delegation of 13. We also successfully delivered four CPR visits to China, and one visit by Alderman William Russell to attend the Lujiazui Forum. In addition to organising

outbound visits, IG also regularly receives and facilitates senior inward Chinese delegations (average one to two a week).

UK-China Economic and Financial Dialogue (EFD): the annual EFD is one of the most important platforms to deliver projects that will enhance UK-China FPS collaboration. The City Corporation has been an active contributor to the EFD over the years. In Jun 2019, the EFD was held at Mansion House. A number of IG led initiatives (RMB, Green Finance, BRI) were included in the final EFD outcome paper, and we also had the privilege to host the Chinese Vice Premier HU Chunhua who led the China EFD delegation (incl. Vice Governor of PBoC, Vice Minister of Ministry of Finance) for a visit to the Guildhall.

Memorandum of Understanding (MoU): the MoUs between City Corporation and Shanghai, Shenzhen and Beijing, three most prominent Chinese financial centres, provide a strong platform to support UK-China collaboration in FPS. The MoUs cover a broad range of topics including green finance, RMB, BRI, Fintech, skills, insurance, and innovation.

China Market Advisory Group (CMAG): The Policy Chair is a member of the CMAG, which meets quarterly and chaired by Sir Gerry Grimstone, ex-Chairman of Barclays Bank. The City of London Corporation has an opportunity to both support the work of this group and also influence the future trade policy relationship by influencing CMAG recommendations to UK Government.

CoLC Working Groups: RMB Marketing Monitoring Group, GFI-GFC Green Finance Working Group

Marketing and Communications.

Integrated marketing and communications support will help drive greater reach and influence with target in-market audiences to both reinforce the UK's overall brand offer for FPS, and to embed key messages around the specific workstreams outlined. Leveraging both local partnerships and UK Government networks will be an effective and efficient mechanism to build reach. Existing City of London Corporation communications streams including media relationships, COLC spokespeople, and www.theglobalcity.uk will be utilised and further communications channels including advertising, print and digital can be deployed as appropriate.

Annex B

Can be found in the non-public part of the agenda.

Annex C

Key Chinese Stakeholders

- People's Bank of China
- China Securities Regulatory Commission
- China Banking and Insurance Regulatory Commission
- Ministry of Finance
- Ministry of Commerce
- National Development and Reform Commission NDRC
- State Council DRC
- State Administration of Foreign Exchange
- China Investment Corporation
- China International Capital Corporation
- China Development Bank
- Export-Import Bank of China
- Asian Infrastructure Investment Bank (AIIB)
- China Export & Credit Insurance Corporation (Sinosure)
- ICBC
- ICBC Standard
- Gingko Tree Investment
- China Construction Bank
- Bank of China
- Agricultural Bank of China
- Bank of Communications
- CITIC Bank
- China Re
- Shanghai Pudong Development Bank
- China Merchants Bank
- China Mingshen Bank
- China Industrial Bank
- GF Securities
- Haitong Bank
- Harvest Global Investments
- Shanghai Clearing House
- China Central Depository & Clearing Co. (CCDC)
- Silk Road Fund
- CFETS
- CIPS
- NAFMI
- Asset Management Association of China
- Insurance Asset Management Association of China
- China Banking Association
- Asian Financial Cooperation Association
- Ant Financial / Alipay
- Webank
- Fosun Group
- China Life Insurance Company
- People's Insurance Company of China

- China Galaxy Securities
- ZGC Group
- Huawei Global Corporate Treasury Centre
- King & Wood Mallesons
- China Green Finance Committee
- Tsinghua University
- Shanghai Municipal Government & Financial Bureau
- Beijing Municipal Government & Financial Bureau
- Shenzhen Municipal Government & Financial Bureau
- Shanghai Lujiazui Financial City
- Beijing Financial Street
- Shenzhen Qianhai Free Trade Zone
- Chinese Embassy in London
- Hong Kong Government
- Hong Kong Monetary Authority
- Hong Kong Stock Exchange
- Guotai Jun'an Securities
- China Universal Asset Management
- Shanghai International Group

Annex D

2019-2020 CoLC China Engagement Plan (separately attached)

Committee: Public Relations & Economic Development Sub-Committee	Dated: 10 th October 2019
Subject: City of London Corporation participation in World Economic Forum (Davos), January 2020	Public
Report of: Damian Nussbaum, Director of Innovation & Growth	For Information
Report author: William Elliott, Head of Trade and Investment Strategy	

Summary

The City of London Corporation have been invited to participate in the World Economic Forum (Davos) again from 22nd – 25th January 2020. Members will recall that the Lord Mayor and the Chair of Policy and Resources were in attendance at the Davos conference in January 2019 and were accompanied by the Director of Innovation & Growth and an officer from Innovation & Growth.

This report sets out an update to Members on the strategy and planning for Davos in January 2020. Whilst it is still too early for precise plans; this report focuses on the general principles which will guide the City Corporation's approach to Davos.

In particular, this report will cover:

- The objectives of the City Corporation participation at Davos
- The representation from the City Corporation
- An overview of the Lord Mayor and Policy Chair's programmes at Davos
- The future work that the City Corporation will undertake with the World Economic Forum (WEF)

Recommendations

Members are asked:

- to note the report.

Main Report

Background

1. In June 2018, the Policy & Resources Committee approved a report developing relations with the WEF focused around attendance at Davos, as well as a budget of £35,000, £36,500 and £38,000 in 2018/19, 2019/20, and 2020/21 to support this.

Objectives

2. The City Corporation objectives for senior attendance at Davos 2020 are:
 - **to be visible**; to be noticed, active and relevant at the world's major economic gathering;
 - **to project confidence** in the future of the City post-Brexit;
 - **to support HMG**; the Prime Minister, Chancellor and Secretary of State for Trade and Industry frequently attend, but this will not be confirmed until shortly beforehand
 - **to support City business**, by attending and speaking at their events;
 - **high-level relationships**; especially where we are looking to:
 - open new relationships with individuals, firms or institutions
 - relationship manage major inward investors to the City;
 - touch base with international figures who are either hard to see in London or will be important for forward programmes for the Lord Mayor and CPR

Representation

3. **Both the Lord Mayor and Policy Chair will attend Davos**. We plan for both the Lord Mayor and Policy Chair to be accommodated in one of the official conference hotels via the 'white pass' system, allowing for easy access to meetings and events. Each of the principals will be supported by a senior IG policy officer in a Private Secretary role, to manage their programmes, advise on substance and record follow-up.

Programme

4. The Lord Mayor and Policy Chair will have **separate programmes**, playing to their respective strengths and expertise, although there may be occasions (eg HMG Ministerial events) where it would be prudent to deploy both individuals together. Discussions are taking place with major City firms, HM Government and WEF to secure 2-3 'anchor' high-profile events where the City can be positioned with UK Ministers and City CEOs.
5. There were **two key lessons** from the City Corporation attendance at Davos in January 2018. First, key elements of the programme will only crystallize at the last moment, around VIP guests. Second, Davos rewards flexibility and agility, so there is a need to build in enough unstructured time to take advantage of last-minute opportunities. We propose to split the Lord Mayor and Policy Chair programmes into three equal categories:
 - **High profile platforms/events**, agreed in advance: participation in panels/meetings hosted by firms, governments or WEF; HMG events; receptions hosted by firms
 - **Senior bilateral meetings**, agreed in advance: we will prepare a 'wish-list' for both Lord Mayor and Policy Chair, and aim to secure as many as possible before departure. The wish list will focus on global priority markets for the City to engage, rather than domestic figures.

- **Flexible time:** around a third of the programme will be left open, in order to schedule meetings on the spot, or take advantage of new opportunities.
6. In general Davos is best suited for lighter encounters rather than in-depth discussions. Briefing will focus on high-level messaging for immediate impact, and outcomes will focus on securing substantial follow-up meetings post Davos.

Future Work with WEF

7. In parallel IG is strengthening dialogue with the World Economic Forum, with the aim of contributing to WEF workstreams on financial services and securing a wider range of invitations to and speaking slots at WEF events, not only Davos but globally. WEF are also interested in hosting global events at the Guildhall and Mansion House.

Corporate Implications

8. This approach reflects sections 5-7 of the Corporate Plan under the objective 'To Support a Thriving Economy'

Financial Implications

9. The cost of the City Corporation's attendance at the World Economic Forum in Davos can be covered by existing budgets following approvals from the Policy & Resources Committee in June 2018.

Conclusion

10. The World Economic Forum in Davos is a strategically important conference for the City Corporation to attend. This report has set out the City Corporation's primary objectives for Davos 2020, representation, an overview of the programme and future work with WEF.

Appendix

Annex 1 is non-public as it concerns commercial relationships.

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