

Committee	Dated:
Public Relations & Economic Development Sub-Committee	19 February 2020
Subject: IG update	Public
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Summary

The following report provides Members with highlights of the key activity undertaken by the Innovation & Growth Directorate (IG) since the last meeting of PRED. 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. IG supported and hosted a series of fringe events at the UK-Africa Investment Summit. These included local currency financing with the World Bank and the Department for International Development; scaling African FinTech firms; and launching Kenya's first green bond on the London Stock Exchange. We will use these interactions to shape the Sustainable Development Capital Initiative, which will focus on increasing investment into emerging markets in line with the UN Sustainable Development Goals.
2. In December, the UK-India Green Finance Working Group met to discuss the best way to take forward its recent analysis into barriers to investing in green projects in India. We agreed to prepare a sector-based roadmap to attracting more private capital and will discuss this with Indian government officials in January. As the third largest global emitter, mobilising capital behind India's green growth ambitions will be core to a successful COP26.
3. Alongside Innovate Finance, we have commissioned EY to conduct a piece of research which will assess the global FinTech sector and better understand how innovation is fostered in other jurisdictions. Around the world, governments

and financial centres are positioning themselves as leading FinTech hubs and are developing a broad range of strategic policies to encourage growth. This research will explore the key factors which influence competitiveness, looking at skills and talent, capital and investment, regulation, and national growth and connectivity. It will inform the work of CoLC, Innovate Finance and others in the sector, delivering key findings to industry, regulators and government. The international markets in focus will include: US, Singapore, India, Australia, Canada, Nordics, France and Hong Kong.

World Class Business Environment

4. January saw a successful launch of the twelfth edition of the Total Tax Contribution of UK Financial Services report in partnership with PwC. The annual findings have become a key feature of the narrative about the value of the UK's financial services sector to the economy. Despite considerable business uncertainty over the last year, the tax contribution made from the UK financial sector has remained broadly steady at an estimated £75.5bn, representing 10.5% of all government tax receipts— equivalent to nearly half of Government spending on health. The report was widely covered by the press e.g. City A.M front page and extensive further coverage in The Daily Telegraph, Reuters, The Times, The New York Times, among many others (with an advertising value equivalence measure close to £46K on its first day). It was retweeted by key influencers, including John Glen MP, the Economic Secretary to the Treasury and City Minister.
5. The HM Treasury Financial Services Skills Taskforce just launched its final report. The report asks for transformational, strategic, system-wide change to address megatrends like technology and data, globalisation and demographics that are fundamentally reshaping financial services. A failure to respond to skills supply constraints and new talent demands could pose an existential threat to the sector. The Taskforce, chaired by Mark Hoban and led by CityUK with significant support from City Corporation and EY, sets out recommendations which will help the sector and its 1.1 million people across the UK maintain relevant skills and prepare effectively for the future.
6. The Skills Policy Team delivered a roundtable discussion hosted by Deputy Keith Bottomley with member firms from the Chartered Institute of Securities and Investment (CISI). In partnership with the Investment Association's 'Investment 2020', the discussion provided practical solutions to support young diverse talent entering financial services. Speakers included Mark Hoban, Chair of the HM Treasury Financial Services Skills Taskforce and Simon Culhane, CEO of CISI.

Market Access to Global Opportunities

7. CPR hosted a lunch at the Guildhall for the Ambassador of the Netherlands to the UK, HE Simon Smits. The lunch was well attended by representatives from financial services firms within the City, who, among other things, discussed the future relationship between the UK and the Netherlands post-Brexit, Capital Markets Union, green finance and fintech.

8. Our Regulatory Affairs Director was in Rome in January on a TheCityUK delegation. She met with the Prime Minister's Office, Central Bank, Treasury, UK Embassy and the Italian banking and insurance federation. The key takeaway was that nobody thinks equivalence would or should not be granted by the end of the year.

Global Recognition of UK's FPS Offer

9. The Policy Chair visited India to chair our India Advisory Council, meet key stakeholders and champion the UK India partnership. There were a number of corporate engagements, including the Hinduja Group, India's Gov Reinsurer and the Confederation of British Industry. There were also meetings with the Bombay Stock Exchange, National Mission to Clean the Ganges, the Insolvency and the Bankruptcy Board of India. The trip comes at important time and shows commitment to the Indian market through consistent senior engagement by COL. The Policy Chair launched the report of the UK-India Green Finance Working Group with representatives from the Indian Ministry of Finance and Ministry of New and Renewable Energy.

Partnerships and Engagement

10. CPR and LM attended the World Economic Forum (WEF) in Davos. This year's theme was "Stakeholders for a Cohesive and Sustainable World". A full paper on this trip has also been submitted to PRED.
11. Bruce Carnegie-Brown, Chairman Lloyd's visited our Mumbai office who organised a VIP dinner. The private discussion was an opportunity for the Lloyd's Chairman to hear from Indian business leaders in insurance, banking, manufacturing; about the near and medium term scenarios on financial markets, specially insurance, and the effect of the various trade barriers in the Indian economy.

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