

<b>Committee</b>	<b>Date</b>
Policy & Resources Committee	18 February 2021
<b>Subject</b> Adoption of Recommendations from the Fraser 2.0 Report on Competitiveness Agenda	<b>Public</b>
<b>Report of</b> The Town Clerk and Chief Executive	
<b>Report Author</b> Damian Nussbaum, Innovation and Growth	<b>For discussion</b>

### Summary

This paper sets out the proposed recommendations and implementation plan from the Fraser 2.0 Report for strengthening the Corporation's role in navigating the competitive landscape of UK financial and professional services (FPS). This paper also outlines next steps in establishment of the Innovation and Growth Advisory Board.

### Recommendations

The Policy & Resources and General Purposes Committee is recommended to note and consider support for the following:

- i. Recommendations from the Fraser 2.0 report;
- ii. Proposed implementation plan (see Appendix 1);
- iii. Development of a Competitiveness Strategy for the City of London Corporation; and
- iv. Next steps in the establishment of the Innovation and Growth Advisory Board.

### Main Report

#### Background and context

1. Sir Simon Fraser first reported on the effectiveness of the Corporation in developing policy and promoting the City in late 2015. In January 2020, Flint completed a light-touch review of the progress made by the City of London Corporation since then. The recent review focused on what more needs to be done to strengthen the Corporation's work linked to policy formation and promotion of the City as a global centre for tech, financial and professional services (FPS). This included an emphasis on internal organisation and procedures bearing in mind the urgency created by fast moving external change.
2. The findings of the review and subsequent recommendations are structured around four pillars. In order to effectively play a unique and impactful part the Corporation needs to deepen its' collective clarity of purpose focused on competitiveness. This will only be achieved through institutional effectiveness, strong leadership and governance and effective external relationships. If taken forward at pace, these actions could enhance the Corporation's role in

representing the UK FPS industry, including innovative areas of tech and business services, in a fast-moving external environment. The attached implementation plan, prepared by Flint, turn the high-level recommendations into deliverable actions.

3. Informed by Member Consultation on both the Fraser and Lisvane reviews on this topic, this committee has in January 2021 agreed the establishment of an independent Innovation and Growth Advisory Board. Members agreed that the new group would have an advisory role and decision-making responsibility would continue to rest in the appropriately appointed committees (i.e. Policy & Resources, for the most part). It was proposed that the Board be operational for the start of or very early within the 2021-22 financial year. Appendix 2 captures the agreed draft terms of reference for the Board, which is to be reviewed alongside the proposed strategy at an early meeting.
4. Members of the General Purposes Committee and the Policy and Resources Committee met informally in November 2020 where there was agreement to adopting the recommendations under Fraser listed below.

## **Report recommendations**

5. The headline recommendation of the report are as follows:
  - a. Establish a new Competitiveness Strategy to guide the Corporation's work to oversee a set of medium-term strategic policy priorities to protect and promote the UK FPS abroad
  - b. The priorities of the strategy should be reflected in resource allocation and planning in all of the departments involved in this field of work but primarily in IG, Mansion House, CPR Office, Remembrancers and Communications.
  - c. Develop a proactive, forward-looking communications and political engagement plan, deployed through multiple channels.
  - d. Benchmark UK FPS against competitors annually
  - e. Establish IG as a single centre for policy work on competitiveness
  - f. Strengthen capability for this policy work across the board including building diversity of people and skills
  - g. Facilitate clarity, transparency and coordination across the board including a review of job titles and a clearer organogram
  - h. Within the agreed strategy, CPR should lead on international engagement on policy and regulation and Lord Mayor on the promotion of trade and investment
  - i. Establish a new single point of oversight for Competitiveness. This has also been recommended by the recent Lisvane governance review.
  - j. Build strong relationships with government and the new political leadership that are strategic in nature
  - k. Deepen the partnership with TCUK
  - l. Develop clear strategies for external markets with resources focused on high priority activity
  - m. Establish collective agendas for co-operation with international bodies

6. The primary recommendation above is to develop and agree a Competitiveness Strategy for the Corporation. This would be done in consultation with government and business.
7. A Competitiveness Strategy would anchor programmes in an overarching narrative of the additive role for the City Corporation to play in driving the competitiveness for UK FPS. It would build upon the existing market strategies, engagement with international bodies and benchmarking work currently underway in IG.
8. It would also describe:
  - The current position and the future of both longstanding and new competitive elements of UK FPS against those most relevant for understanding our position globally.
  - The range of global indexes benchmarks and comparators against which these elements should be measured.
  - The implications of emerging and future opportunities and challenges to leverage or embrace to remain competitive. This would cover trends affecting financial services and its regulation as well as wider political, geopolitical and trade influences.
  - A proactive approach to collaboration with the UK Government, regulators and financial services trade associations.
  - An impactful and proactive approach to political engagement and communications on the competitiveness agenda
9. It is recommended by both the Fraser 2.0 review and the recent Lisvane Governance Review that corporate level progress and the onwards development of the Competitiveness Strategy is driven and monitored by a single point of oversight. In January 2021, this committee took the decision to retain governance oversight of the competitiveness agenda and establish an Innovation and Advisory Board to guide and steer the strategy.
10. A detailed implementation plan has been developed to support the adoption of the recommendations from Fraser. This outlines a set of direct and enabling actions to develop and support the implementation of a clear and collective strategy around global competitiveness for the UK FPS sector. The plan, organised around the four Fraser pillars, is located in full in Appendix 1 for reference.
11. It is recommended to adopt the recommendations above and commence work on the development of a Competitiveness Strategy.
12. It is also recommended that the actions outlined in the implementation plan are advanced according to the broad timeline indicated in Appendix 1. The timeline indicates that the proposal for the structure of the strategy be submitted to the March P & R committee before onward development from the first meeting of the Innovation and Growth Advisory Board.
13. In the main this work will be owned by IG in coordination with Mansion House, Remembrancers and Communications (and their TOM successors). All references

in this report are to the existing structures. This will evolve under the context of the governance review and new target operating model to ensure alignment with longer term organisational aspirations.

## **Next steps**

14. The next step for the governance arrangements is to agree criteria and nominations process for the Steering Group of the Advisory Board.
15. The Steering Group has been agreed as 8-12 members, with membership coming from external and internal Members. A full explanation of the composition is included in Appendix 2.
16. Informed by Member consultation to date, the criteria and nominations process are proposed as follows:
  - a. Criteria of Membership (Internal and External)
    - i. The Steering Group would best benefit from broad and deep expertise across a number of markets and sub-sectors relevant to FPS. Expertise that is deep to one sector or market will be utilised in the ad hoc aspect to the Board's work. Preference will be given to those who have senior level experience and expertise on 2 or more sectors and/or markets.
    - ii. Expertise and experience should be based on direct market participation.
    - iii. Composition of the Steering Group should balance diversity of perspective, thought, expertise and experience.
    - iv. The Steering group will also benefit from members who:
      1. have experience and expertise within new and emerging sub-sectors and themes of FPS and in managing
      2. have experience in managing FPS businesses located in London from foreign jurisdictions.
  - b. Internal Members
    - i. All Members of the Court will be invited to submit an expression of interest (EOI) for the Board by March 1<sup>st</sup>. The EOI is to be set against the criteria for membership.
    - ii. Officers will sift the applications according to the criteria for full review by the Core Members of the Steering Group. Core Members include CPR as Chair, Chairman of General Purposes Committee as Deputy and then each of the Deputies of Policy and Resources and General Purposes Committee.
    - iii. Four to six names to be presented by the Core Steering Group to Policy and Resources for acceptance at the March 2021 meeting.
    - iv. Formal invitations to be issued in time for first meeting, currently being targeted for late April 2021.
  - c. External
    - i. Officers from IG will provide a short list of names based on criteria for membership.

- ii. Four to six names will be presented by the Core Steering Group to Policy and Resources for acceptance at the March 2021 meeting.
  - iii. Formal invitations to be issued in time for first meeting, currently being targeted for late April 2021.
- 17. The next steps for the development of the strategy is to commence officer level drafting and come back to March P&R with the proposed outline for the strategy. A draft strategy can be presented to the Innovation and Growth Advisory Board at an early 21/22 meeting.
- 18. Following the adoption of the Fraser recommendations, the next steps for the implementation of the strategy will be taken forward by officers and presented in regular updates and where required, for approval, to P & R.

### **Corporate and strategic implications**

- 19. The approach outlined supports the commitments set out in the Corporate Plan, 2018-23, and the strategy itself is being designed to impact upon the following outcomes and high-level actions:

#### Outcome 5: Businesses are trusted and socially and environmentally responsible

- Champion the ease, reliability and cost-effectiveness of doing business here.
- Model new ways of delivering inclusive and sustainable growth.
- Support, celebrate and advocate responsible practices and investments.

#### Outcome 6: We have the best legal and regulatory framework and access to global markets.

- Promote regulatory confidence founded on the rule of law.
- Influence UK and global policy and regulation and international agreements to protect and grow the UK economy.
- Attract and retain investment and promote exports of goods and services across multiple global markets.

#### Outcome 7: We are a global hub for innovation in financial and professional services, commerce and culture

- Support organisations in pioneering preparing for a responding to changes in regulations, markets, products and ways of working.
- Promote London for its creative energy and competitive strengths

#### Outcome 8: We have access to the skills and talent we need.

- Promote the City, London and the UK as attractive places to live, learn, work and visit.
- Champion access to global talent
- Identify future skills needs shortages and saturations

20. No legal, security, financial, climate or resourcing implications arise from the recommendations in this report. Activities to support the initial development of a Competitiveness Strategy will be met from existing IG budgets and resources. Any implications associated with the implementation of the Strategy itself will be included in the submission to P & R.

## **Conclusion**

21. It is within the Corporation's core purpose to steward the UK's financial centre and financial, tech and professional services sectors through current and future challenges and opportunities. Adopting and implementing the recommendations of the Fraser Report will facilitate the fulfilment of this important role.

## Implementation Plan

The Implementation plan follows the four pillars outlined in the February 2020 Fraser Review. The plan will be guided by officers with regular updates to Policy and Resources Committee.

The timeline will be intentionally co-ordinated with the developments of the governance review, new target operating model and the ongoing Fundamental Review and the Medium-Term Financial Plan to ensure alignment with longer term organisational aspirations.

### *Pillar 1 - Clarity of purpose*

Timeframe	Action	Owner	Deadline
Commence upon P & R Adoption of Fraser 2.0	1. Produce a new Competitiveness Strategy based on agreed policy priorities (as below) and including goals, objectives and delivery timeframes, and an ongoing monitoring mechanism at both officer and committee level. Active engagement from MH and other Corporation stakeholders, and strong comms and political engagement plan.	IG	Structure to be submitted at March P & R and full draft to Innovation and Growth Advisory Board in April 2021
	1.1. Draw up and agree list of short- and medium-term strategic policy priorities for the promotion of UK FPS	IG	To be completed as the first step in developing the competitiveness strategy
	1.2. Establish parameters to measure the competitiveness of UK FPS, and benchmark this against competitors annually.	IG	Completed
	1.3. Map how to give systematic approach to the convening and sponsorship of events and meetings, and the governance for this, within the wider comms and political engagement plan.	MH & REM, with IG and Comms	To be completed as the first step in developing the competitiveness strategy
	1.4. Ensure that Business Plans reflect and implement Competitiveness Strategy.	IG, MH, REM and Comms	Integrated in program planning for 21-22 and formally into business plans for 22-23

	1.5. Ensure that Competitiveness Strategy informs and provides structure for the international activities of the LM on a multi-year basis. Also reflected in Comms and Political Engagement Plan.	IG and MH	April 2021
	1.6. Develop a proactive, forward-looking communications and political engagement plan, deployed through multiple channels.	IG and Director of Comms with MH and Rems	To be completed as the first step in developing the competitiveness strategy
TBD	2. Draw up a menu of themes for Lord Mayors to draw on when deciding the theme of their tenure, based in the competitiveness strategy	IG with MH	May 2021

## *Pillar 2 – Institutional Effectiveness*

Timeframe	Action	Owner	Deadline
TBD	3. Review job titles in and produce a clearer organogram of the City Corporation, including the title of CPR. MH should have the necessary diplomatic expertise to pursue activities that are complementary to the FPS agenda.	IG /MH	In good time to be agreed in conjunction with the adoption of the Competitiveness Strategy
July – August	4. Develop/ refresh existing collaboration structures between IG and Mansion House in light of the competitiveness strategy.	IG & MH	New Playbook by September
Post Strategy Adoption	5. Review overseas resources to ensure that allocation is aligned with the new competitiveness strategy. Consider potential redistribution.	IG & MH	May 2021
Post Strategy Adoption	6. Review the process for SBTAC / Shrieval preparation to ensure that	Shrievalty, with IG and MH	Summer 2021

	interdepartmental collaboration is focused on delivering the new competitiveness strategy		
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### *Pillar 3 – Strong leadership and governance*

Timeframe	Action	Owner	Deadline
TBD	7. Review the roles of the CPR and Lord Mayor and draw up shared objectives of respective work programmes for 21/22 and establish repeatable process for subsequent years	Chair of CPR and Lord Mayor's office	Spring and Summer 2021
Now	8. CPR to review existing resources and to consider best timing to recruit additional capacity as needed.	CPR	Ongoing with TOM
From now	9. Make a proposal for a new senior Competitiveness sub-Committee and present it at P & R at same meeting as Strategy.	TC	Complete

### *Pillar 4 – Effective external relationships*

From Now	10. City Corporation to meet with TCUK to discuss agendas and goals to support the new competitiveness strategy for the City. Continue to strengthen alignment of Business Plans in 21/22 and beyond.	IG	Ongoing
From Now	11. Build strong relationships with government departments and the new political leadership. This should be reflected in the	Comms and Rems, with IG and MH	To be enhanced as the first step in developing the competitiveness strategy

	comms strategy/political engagement plan.		
From now with TCUK	<p>12. Refresh/ produce individual strategies for each key external market for the City.</p> <p>13. Develop an engagement map to show current lines of engagement with international bodies and conduct a prioritisation exercise based on opportunity assessment.</p>	IG	To be completed in time to feed into Competitiveness Strategy

## Appendix 2 – Draft Terms of Reference for Innovation and Growth Advisory Board

Below is the draft Terms of Reference for the Board, which is to be reviewed alongside the proposed strategy at an early meeting.

### Composition

Chair of the Policy & Resources Committee (Chair)

Chair of the General Purposes Committee of Aldermen (Deputy Chairman)

Deputy Chairman of the Policy & Resources Committee

Deputy Chairman of the General Purposes Committee of Aldermen

Four Members of the Court of Common Council with relevant expertise

*\*The ability to co-opt up to four external members flexibly and an ad-hoc basis, in agreement with the Policy & Resources Committee.*

The role of the Advisory Board is:

- a. To provide informal guidance or direction to Innovation & Growth on the

implementation of the Competitiveness strategy (*whilst being clear that formal oversight would be held by Policy & Resources, with this group reporting in on an advisory basis*).

- b. To provide expertise and insight to officers and Policy & Resources on the ingredients of global success of UK Financial and Professional Services, acting as an internal forum for the testing of ideas and prioritisation in the work of promotion and policy of the sector.
- c. Offering additional support to the Lord Mayor and Chair of Policy and Resources as Ambassadors on the Innovation and Growth agenda.
- d. To provide advice on the strategic deployment of hospitality as required (*although it must be made clear that this was entirely distinct from the role of Hospitality Working Party; rather, this concerned some of the strategic engagement with Ambassadors and set-piece events outside of HWP's general remit*).