

Committee Audit and Risk Management	Dated: 8 November 2016
Subject: Deep Dive: CR02 Loss of Business Support for the City	Public
Report of: Director of Economic Development	For Information
Report author: Emma Sawers, Business and Policy Officer	

Summary

This strategic risk reflects issues for which the City of London Corporation has both primary responsibility and control. This review has focused on the preparedness of the City of London Corporation and its delivery departments to respond effectively in the event that the City's position as the world leader in international financial services is adversely affected. This could be due to a loss of ability to attract and retain high value global business activity, both as a physical location and in mediating financial and trade flows; the City Corporation's business remit is damaged and its perceived relevance is diminished or due to reputational damage to the City as a place to do business and to the Corporation's ability to govern effectively.

This review takes into account the recent referendum decision for the UK to leave the European Union and the impact that has already had and could have on the City's position as a world leader in international financial services. The risk is owned and managed by the Director of Economic Development.

Main report

1. The City of London Corporation has an essential role in promoting financial and related professional services (FBPS) in the City. A recent review conducted by Sir Simon Fraser (GCMG), which was presented at the Policy and Resources Committee in June 2016, found that stakeholders value the City Corporation's resources, history, experience and national and international reach – all made available to business free of charge.
2. The City Corporation plays an important and valuable role in promoting trade and investment and marketing the City. This encompasses many activities, such as hosting high level public and private events, initiatives to attract business to locate in London, the management of strategic dialogues with key investment partners, and the promotional work of the Lord Mayor and other senior Corporation Members.

Current Position

3. There are a number of ways that the City of London Corporation is attempting to mitigate this risk.

4. The City Corporation and the International Regulatory Strategy Group ensure we engage on the key regulatory issues that affect the financial and professional services industry, informing our engagement with policy makers, regulators and the media.
5. The Economic Development Office in particular is engaged in a programme of work to support, defend and enhance the business City, in accordance with the department's business plan and the Corporate Plan.
6. Following the results of the Promoting the City Review submitted by Sir Simon Fraser in January 2016 and the UK's decision to leave the European Union in June 2016, Members of the Policy and Resources Committee have released funds of £2.55 million per year for the Economic Development Office (alongside other departments) to step up the work they are doing in this area to mitigate the risk and maintain the business City as competitive. This money is being spent to restructure the City Competitiveness and Regulatory Affairs team into three: Policy and Innovation Team, Regulation Team and Exports and Investment Team. The recruitment process has started for new roles within these teams and the new teams will be in place by January 2017. Additionally, new roles have been created within the Communications Team, Mansion House and Remembrancers to face the growing pressures on the City Corporation post-Brexit.
7. Additionally, since the UK's decision to leave the EU, the Corporation is working with trade associations and other bodies in the City to collate a combined view to present to government ahead of Brexit negotiations. The Corporation has worked with and facilitated discussions with bodies across the City. Research has been commissioned to demonstrate how EU corporates use UK based financial services, and to examine the feasibility of a UK regional visa regime.

Conclusion

8. The City Corporation has taken the impact of Brexit on the City and potential loss of business as a high strategic priority and is thus working to ensure that the Corporation's support is increased at a high level.

Recommendation

Members are asked to:

- note the report

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