

<b>Committee(s)</b>	<b>Dated:</b>
Policy & Resources Committee – for information	16 <sup>th</sup> February 2017
<b>Subject:</b> Update on <i>Promoting the City</i> activity	<b>Public</b>
<b>Report of:</b> Director of Economic Development	<b>For Information</b>
<b>Report author:</b> Giles French, Assistant Director of Economic Development	

### Summary

This paper summarises the key changes and approaches that have taken place since the approval of uplift to Economic Development Office's base budget of just over £2million a year, following the Promoting the City review by Sir Simon Fraser in July 2016.

Three new teams have been created in EDO. The objective of the Policy and Innovation Team is to respond to new challenges and secure the position of the City as a premier financial services centre for the future by supporting and promoting innovation in the financial services industry. The objective of the Regulatory Affairs Team is to provide strong leadership for the City on strategic policy and regulatory issues affecting the City. The Global Exports & Investment Team will help to deliver a comprehensive trade and investment strategy, making a significant difference to trade and investment for financial and business services in the UK.

A new regional strategy is being developed, which will aim to deliver: increased participation on international visits by firms from outside London; work with DIT to support increased investment across the UK by firms based in London; potential forum for regional infrastructure investment expertise bringing together financial services and regional or city government.

### Recommendations

The Policy & Resources Committee is asked to:

- Note the update on the work of the Economic Development Office since the uplift to its base budget following the Promoting the City review in July 2016.

### Main Report

#### Financial and Professional Services

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

2. The autumn saw an intensive period of recruitment to appoint new members of the team to provide enhanced capacity and capabilities to deliver a more ambitious work programme. Almost all of these appointments have now been made, although a new round of recruitment is about to begin to complete the Global Exports & Investment team that will lead on our relationship management with businesses.
3. Finally, we have just appointed Sherry Madera to a newly created position as City Special Adviser for Asia. This position, based on the successful model pioneered by Jeremy Browne as our Special Representative to the EU, will give additional senior leadership to promote increased exports and investment between the UK and China, as well as India and Singapore. We have allocated £500,000 a year from the approved EDO budget to for the enhanced programme for Asia.

### **Policy and Innovation Team**

4. The new Policy & Innovation team identifies emerging innovations in products and services in the financial and professional services industry, where the City Corporation can provide support to ensure London and the UK remain the world's leading financial centre. Current activity is focused on three key areas: Green Finance, FinTech, and Cyber. Additional future activity will be identified following the implementation of a new mapping exercise that will identify early stage innovation in the sector, including automation and AI. This is to be completed in Q1 2017.
5. The City of London Green Finance Initiative (GFI) was launched in early 2016, under the Chairmanship of Sir Roger Gifford, bringing together public and private sector partners together to establish London as the leading global centre for Green Finance. Achievements in 2016 included GFI participation in COP (Conference of Parties) 22, the GFI being an element of the latest Economic & Financial Dialogue (EFD) with China, and the organising and hosting of two international conferences in London.
6. The GFI work programme for 2017/18 will include: a world-class conference in June; improved impact of participation of COP 23; programme of international media engagement; production of a report on ring-fenced green financing of infrastructure projects by government; and expanding coverage of GFI activity to all asset classes in financial service.
7. The majority of the City Corporation's FinTech activity has been delivered in partnership with Innovate Finance, through the Network Action Group (co-chaired by Alderman William Russell) that we helped to establish in 2016. Other highlights in 2016 were the collaboration with HM Treasury on the new FinTech Bridges it has established with Singapore and South Korea. This work was jointly delivered with the Export & Investment team.
8. The FinTech work programme in 2017/18 will include: strong participation in Innovate Finance Global Summit; establishing a Network Action Group (NAG) capital raising workstream; and the formal constitution of the NAG for

practitioners and government; ensure participation between established firms, start-ups, incubators and investors.

9. Our work on Cyber is still in development It will be focused on developing cyber capability and infrastructure in the UK, and position London as a market leader in products, services, policies and best practice. In doing so, we will work closely with the City of London Police, which has a prominent role in tackling Cyber-crime.
10. The new posts and additional work streams that are emerging from the Policy & Innovation Team are budgeted to cost approximately £500k a year.

### **Regulatory Affairs Team**

11. The regulatory affairs team has been expanded as part of the new structure, and incorporates the work of the City Office in Brussels. The new team includes additional capacity for work focused on the EU; a new international strand of work, and a role dedicated to governance and standards. The team provides the majority of the City Corporation's support for the International Regulatory Strategy Group (IRSG); our engagement with EU institutions, Member State engagement led by the Special Representative to the EU, and our bilateral dialogues.
12. The work programme for 2017 is still being developed, but is likely to focus on the following key activities:
  - a. **IRSG:** current workstreams being supported by the City Corporation are Regulatory Coherence and Global Competitiveness. The Regulatory Coherence work is a direct follow up to the Third Country Regime workstream, and examines options for enabling maximum access for UK firms to the EU27 and vice versa. This will be published in February 2017. The Global Competitiveness workstream is supported by the Policy & Innovation team and is examining regulatory policy options for ensuring the long-term competitiveness of the UK as place for financial services firms to operate. The City Corporation will also support where appropriate TheCityUK-led workstreams on Third Country Regimes and Domestic Consequentials.
  - b. **IRSG Member State dialogues:** we lead and support the dialogues with France and Ireland. The Irish dialogue has workstreams on FinTech, better regulation and Capital Markets Union. The French dialogue met on 18 January and discussed transitional arrangements, 'Basel IV', the long-term vision for European Capital Markets, and FinTech.
  - c. **EU engagement:** the City Office in Brussels will continue to lead on engagement with the EU institutions and is currently hosting a programme of roundtables for UKrep and the financial services industry to discuss policy issues relating to both existing dossiers and Brexit. In the autumn of 2016, the team commissioned work by EY on the potential impact on EU Corporates of reduced market access for UK based financial services firms. This was shared with HM Treasury and the Department for Exiting the EU. Following the referendum, our EU

engagement plan was revised such that the Special Representative to the EU visited every EU 27 Member State to make the case for London as Europe's financial centre and to understand the attitudes being taken to Brexit in those countries.

- d. **International Regulatory Affairs:** the new strand of international regulatory affairs work will be mapping the international forums where regulatory policy is shaped, and developing a strategy for engagement. This may be in multinational organisations or bilaterally with relevant markets, e.g. Singapore.
- e. **Commonwealth:** an initial scoping exercise has been completed by EY, examining options for our work to support the institutions of the Commonwealth and drive export and investment opportunities in Commonwealth countries. Our Commonwealth partner organisation will be the Commonwealth Enterprise and Investment Council; working with the Department for International Trade we are identifying Commonwealth countries that are financial services priority markets and build engagement into the annual visits programme; examining a programme of activity to promote high standards in infrastructure procurement and funding.
- f. **Governance and Standards:** The work will focus on how the promotion of high standards in the UK-based industry can be used to attract investment and to promote exports in training and professional qualifications. The 'Trust agenda' that will become a work programme for the next 3-5 years led by the Mayoralty, will be supported by this work.

13. The new posts and additional work streams that are emerging from the Regulatory Affairs Team are budgeted to cost approximately £600k a year.

### **Global Exports and Investment Team**

14. The Global Exports and Investment team is a new team dedicated to relationship management with key financial and professional services firms based in the UK, and executing the annual international programme of engagement to promote UK exports and to attract investment into the UK. The team will operate on a matrix of sectors and geographies. The team will work much more closely with the industry, as well as HM Treasury (HMT), Foreign & Commonwealth Office (FCO) and Department for International Trade (DIT), to identify priority markets. The team now has capacity to ensure proper long-term relationships with markets, and to deliver follow-up post visit. The international engagement will be underpinned by the outputs from the Policy & Innovation and Regulatory Affairs teams.

15. The team has also been negotiating partnership agreements (or MoUs) with DIT and London & Partners, establishing how we will work with one another to promote export and investment, and provide relationship management to new financial services investors in the UK. These agreements will be finalised in Q1.

16. Our China and India work programme will be supported by the Global Exports and Investment team and the Special Adviser for Asia. The Special Adviser will review our work focused on China and India, including the work and priorities of our offices in Beijing, Shanghai and Mumbai. The intention is to align the work of our London and international offices to ensure an 'end-to-end' service supporting exports and investment to and from the UK. The review will be completed in Q1. The new Global Exports & Investment Team is already working on market analysis of where we should focus on international engagement.
17. The new posts and additional work streams that are emerging from the Global Exports and Investment Team are budgeted to cost approximately £800k.

### **Other Work Programmes: Regional Engagement**

18. Accenture has produced a report on how the City Corporation, in its entirety, can have a more effective relationship with the rest of the UK's regions and cities. This report reviewed the existing relationships, and provided an audit of what a City Corporation offer could be to those regions. The recommendations of the report are that the City Corporation has a strong offer in relation to financial and professional services and tackling economic crime via the City Police.
19. Subject to the approval by Members, the revised regional strategy will be implemented in 2017, on a phased approach. The first stage will be to identify regions or cities where the City Corporation has existing strong relations, and to begin a dialogue to understand their priorities and where we have opportunity to collaborate, and identify clear outcomes for the partnership. An analysis of potential regions or cities is currently underway.
20. The regional workstream in 2017 will aim to deliver: increased participation on international visits by firms from outside London; work with DIT to support increased investment across the UK by firms based in London; potential forum for regional infrastructure investment expertise bringing together financial services and regional or city government. In partnership with the City Police, the City Corporation could work with regional government to tackle economic crime.

### **Appendices**

- None.

### **Damian Nussbaum**

Director of Economic Development

T: 020 7332 3605

E: [damian.nussbaum@cityoflondon.gov.uk](mailto:damian.nussbaum@cityoflondon.gov.uk)