

<b>Committee(s)</b>	<b>Dated:</b>
Policy & Resources Committee	8 June 2017
Public Relations & Economic Development Sub-Committee	8 June 2017
<b>Subject:</b> Quarterly Activity Update March – May 2017	<b>Public</b>
<b>Report of:</b> Director of Economic Development	<b>For Information</b>
<b>Report author:</b> Giles French	

### Summary

The following report provides Members with highlights of key activity undertaken by the Economic Development Office between March and May 2017.

### Recommendation

Members of the Policy and Resources Committee and the Public Relations and Economic Development Sub Committee are asked to note the update.

### Main Report

#### Regulatory Affairs

The Regulatory Affairs team, through the International Regulatory Strategy Group (IRSG) regulatory coherence workstream, produced and distributed a report: *Mutual Recognition – a basis for market access after Brexit* in April. The Policy Chairman promoted the report to policy makers in Brussels, alongside the Chair of the IRSG (Mark Hoban). The document has also been deployed by our Special Representative for Europe during his visits. The report recommends how the UK and EU-27 can ensure reciprocal market access post Brexit and develops a model for market access, based on the comparability of regulatory and supervisory regimes. It reviews options for access criteria, the mechanisms for maintaining regulatory alignment, and how possible disputes between the UK and EU in relation to access could be resolved. Across IRSG workstreams, the team has achieved strong engagement with HM Government (HMG) on wider Brexit implications to help inform the Brexit negotiations.

1. Work is currently underway to discuss what could be included in the financial services chapter of a bespoke Free Trade Agreement between the UK and the EU27. This work will be shared with HMG and an event is being organised

in Brussels towards the end of June, where this work will be launched to European policy makers.

2. The team has also produced comprehensive research into the international regulatory landscape which has been well-received by the business community. Work under the Financial Services Ireland–City of London dialogue has progressed with plans to publish a paper on the implications of Brexit on the UK and Ireland very shortly. The team is also building the City Corporation’s offer on governance and standards as a key pillar of the new Policy Chairman’s agenda.
3. The team prepared and executed a four day visit to Washington DC for the Policy Chairman and Deputy Policy Chairman. The programme included high-level meetings in the political, business and think tank spheres. The UK business community delivered positive feedback on the intelligence gathered, particularly the likelihood of continued US involvement with international financial and related professional services (FRPS) agencies (eg Basel, FSB etc).
4. The Regulatory Affairs team is exploring options for working in partnership with HMG and Commonwealth organisations to develop a comprehensive programme ahead of the Commonwealth Summit in 2018. This project would place the City Corporation at the centre of the initiative and be designed to further City objectives in core policy areas. A separate paper will be submitted to the Policy & Resources Committee on this initiative.

### **Special Representative to the EU and Special Adviser for Asia**

5. The Special Representative to the EU, Jeremy Browne, has continued his extensive programme of engagement with EU institutions and Member States, visiting Switzerland, Estonia, Latvia, the Czech Republic, Lithuania, Poland, Sweden, Finland, Italy and Austria, in the last three months. By meeting with policy makers, regulators and business groups, the Special Representative has obtained insight into the latest thinking in key Member States on the Brexit negotiations, ensured they understand the UK perspective, and fed back to policy-makers in the UK.
6. The Special Adviser for Asia has made multiple visits to her three primary markets (China and Hong Kong, India and Singapore), including Beijing, Shanghai, Shenzhen, Hong Kong, New Delhi, Mumbai, and Singapore. This included supporting the Policy Chairman in Hong Kong/Shenzhen and the Lord Mayor in Hong Kong/Beijing/Shanghai. She has identified the key strategic areas for each of her markets (c/f Asia Strategy). She has played a role both in the India Economic and Financial Dialogue (the key discussion forum between the UK and India) by including the Corporation in the Joint Statement, and chairing the panel with Minister Mark Garnier. In China, she participated in the Belt and Road Forum in Beijing alongside Charles Bowman and engaged with regulators and Peoples’s Bank of China. She has been appointed co-Chair of the Greening the Belt and Road workstream under the GFI with a Chinese co-Chair. She has also been working to stabilise and

build up the team in the international offices, where both the head in Shanghai and Beijing have recently left, and the office licence legal process has changed. The strategy for the year is attached.

## **Financial Services and Related Professional Services (FRPS) Policy & Innovation**

7. The Green Finance Summit, organised and hosted by the City Corporation at Guildhall, is taking place on 31 May/1 June. The Summit is our flagship event for showcasing global innovation and delivering key industry messages regarding the funding and implementation of the Paris Agreement, and is focused on infrastructure financing and corporate engagement. Approximately 500 delegates are due to attend. The Summit will inform the development of the GFI's second report, *Twenty-first century infrastructure: constructing an asset class*. This will focus on developed market needs, definitions, pipelines, project standardisation and possible infrastructure investment policy incentives or regulatory reforms. The report is being authored by HSBC Asset Management and will be published in September. The Summit will reinforce London's position as the leading centre for Green Finance products and thought leadership.
8. In March, we hosted a week-long green finance study tour from the People's Bank of China (PBoC), including presentations from BlackRock, Legal & General, HM Treasury, PwC and Bloomberg. The visit was intended to enhance UK-China green financial collaboration, and included a high-level welcome dinner with the PBoC's Chief Economist Ma Jun and culminated in Sir Roger Gifford, Chairman of the Green Finance Initiative, and Ma Jun agreeing to co-chair the UK-China Green Finance Task Force. The workstreams will focus on five key areas of market impediment and/or development: greening the Belt and Road initiative; greening loans; analysing the impact of environmental considerations on funding costs; enhancing cross-border green capital flows; and developing best practice in relation to institutional investors' analysis of environmental risk.
9. On Fintech, the Corporation hosted the Innovate Finance Global Summit – IFGS2017. Almost 2,000 delegates – investors, innovators and regulators – attended over the two days. The City Corporation was the host sponsor for the event here at Guildhall, which was opened by the Policy Chairman. Ian Dyson, Commissioner of the City of London Police, led a panel on cyber tech and Sir Alan Yarrow in his role as host (LMLT) of the Innovate Finance Speakers' Dinner at Mansion House, spoke of the importance of innovation and technology for trade, post Brexit.
10. The Network Action Group (NAG), jointly run by the City Corporation and Innovate Finance, is a cross-body policy steering group for FinTech, whose membership brings together representatives from HM Treasury (HMT), Financial Conduct Authority (FCA), the Bank of England (BoE), and key trade associations such as BBA, CBI. During the IFGS2017 the NAG, chaired by

William Russell, held its first meeting of the Capital Raising Working Group, which will deliver recommendations of policy changes for the Autumn Budget to help FinTech's raise investment. Proposals could include how to unlock the vast pools of money currently held in pension funds. This discussion marks our key policy objective for Q3 ahead of budget submissions and HM Government's (HMG) own Patient Capital Review, and we are seeking potential partners to deliver this work in both the venture capital and scale-up community.

11. Work has been undertaken on how to establish the City Corporation as a visible delivery partner for supporting the economic growth of cyber tech solutions and cyber resilient businesses in the UK. We have met with key interlocutors in government to discuss our developing cyber strategy in innovation, broader moves to tie in activity from across the City Corporation and the City of London Police. In addition, the Lord Mayor will host a skills seminar, with support from HMG, with the industry.
12. We are also seeking to utilise the Chemistry Club City networking events (the Policy Chairman has spoken at one of the events, and the City Corporation is the sponsor) to support broadening our engagement with businesses and other key stakeholders in the cyber space. With businesses, we are also seeking to develop a signposting product that will allow them to use their apprenticeship levy payments to access cyber apprentices; and to create a brokerage service that brings together financial services users to improve and develop cyber resilience.

### **Global Exports & Investment**

13. The team has been working closely with Mansion House to re-design our approach to the Lord Mayor's overseas programme, including developing a stronger offer from the City Corporation for our target markets, such as hosting events or inward missions to London, and providing account management of key investors from those markets. Engagement and support has been secured from four key Government departments (FCO, DIT, HMT and DFID) for this new approach, and subject to agreement at the Mayoral Visits Advisory Committee (MVAC), we will contact British Embassies and High Commissions to secure visits in 2018.
14. We have worked with partners (Department for Trade and London and Partners) to identify and agree key target business accounts for the global exports and investment team, across the financial and related professional services sector (e.g. insurance, asset management, banking, FinTech, cyber). This is to provide a more comprehensive offer to London based firms. An audit of existing engagement with key accounts has been completed and the engagement programme commenced in May. We have also undertaken data analysis, as well as consulting with business and government, to inform prioritisation of international markets. This will focus the team's efforts on key overseas countries and underpin a new approach to the Lord Mayor's overseas programme over the next 3 years.

15. We have agreed a new strategic partnership and Memorandum of Understanding with London and Partners, the Mayor of London's inward investment agency, to ensure we can work together effectively to deliver on new inward investment opportunities and land new FRPS businesses in London working closely with our City Property Advisory Team (CPAT).
16. Finally, on current activity, the team has delivered Lord Mayor overseas trade promotion missions to Turkey, Northern Africa (Morocco, Tunisia, Algeria), Columbia and Mexico. Follow up investment conferences are being organised for Turkey, Tunisia and Algeria and the team delivered an investment conference to promote Nepal in March. Working with the Asia team, the team supported the launch of the Shanghai Clearing House Rep office in London in March. Work and meetings continued to push forward the plans for the China Foreign Exchange Trading System office launch in London.

## **Responsible Business and Supporting London**

17. Against a backdrop of the new apprenticeship levy, and the introduction of new apprenticeships standards, 18 March saw the launch of the Institute for Apprenticeships (IFA) at Mansion House, sponsored by the City Corporation. The primary responsibility of the IFA will be to act as decision maker on approving apprenticeship standards and assessment plans to ensure they are of high quality. Robert Halfon, Minister for Skills and Apprenticeships addressed the event. FRPS employers experience higher than average skills gaps and skills shortages, and our key message is that apprenticeships must develop the right skills for the continued competitiveness and success across the UK.
18. The Lord Mayor's Dragon Awards, which reward businesses that display excellence in their approach to community engagement, celebrate their thirtieth anniversary in 2017. This year saw a 20% increase in applications, from a wider range of firms than ever before. The shortlist will be announced on 22 May and winners will be revealed at the awards dinner on 26 September. To celebrate the anniversary, a Regional Impact Award was introduced to recognise London headquartered businesses that are strengthening regional communities.
19. To drive business engagement in increasing social mobility, the City Corporation is sponsoring the Social Mobility Employer Index. This is a new initiative from the Social Mobility Foundation and Social Mobility Commission. It ranks Britain's top businesses on how open they are to accessing, recruiting and progressing talent from all backgrounds. The Index, which will be published in the Times, is an important benchmarking tool primarily targeted at sectors which are keen to improve their approach to social mobility. The Policy Chairman will be speaking at the launch.
20. As part of the review process that has been underway in EDO's Responsible Business and Supporting London team, we have increased our ambition and strengthened our focus on outcomes. This will mean winding down some existing activity where need has diminished or our resources can be more effective in other areas. We are planning, for instance, to wind down the City

Action programme, our volunteering brokerage service, and pass on residual clients to London's extensive volunteer brokerage provision. This did not exist when City Action first opened its doors 20 years ago, and is a testament to the programme's effectiveness. Meanwhile, we can focus on the broader responsible business space (outlined in the EDO Strategy), which goes beyond employee volunteering. This is an excellent example of the Corporation's ability to spot and bridge a gap in provision, and to then pass on the baton when others can provide the service and we can add even more value elsewhere.

## Research

21. Informing discussions, and providing suggestions for how to address the challenges facing the UK as it renegotiates its trade relationships post-Brexit, the background paper *Post Brexit trade: barriers and potential arrangements* provides an understanding of the potential issues around trade and trade barriers. The report identifies three types of issue that will have an important impact on the UK's ability to address the challenge of establishing a new trading regime for the UK, namely: the interdependencies in trade negotiations; the need to define and prioritise the goals for trade negotiations, and the way in which different trade arrangements with the EU will influence the barriers to trade. This fed into the London APPG meeting on Brexit and the impact on London's financial services on 25 April.
22. Building on the Power of Diversity programme, a new report, *Unleashing the Power of Diversity*, co-sponsored with the Chartered Institute of Management Accounting provides recommendations as to the most successful diversity and inclusion strategies for City firms, and examines some of the challenges firms are facing in implementing these. This builds on a series of events and discussions with City firms, working with the Lord Mayor's Appeal Team, and Cass and Ashridge Business Schools, to develop recommendations to improve the effectiveness of implementation.
23. The team have concluded a major review of the research programme, looking in depth at the approach, prioritisation and processes in one strand, and at audience reach and engagement in the other, working with consultancy firms Arup and Longitude respectively and informed by interviews and discussions with Members and Officers across the City Corporation. The team now have a Playbook, which sets out how projects will be run going forward, drawing on key recommendations from the review to adopt a more campaign-oriented approach to commissioning and publishing research, and a set of recommendations for a new approach around design format and presentation.

## Recommendation

25. Members are asked to note the content of the report.

## **Appendices**

- Annex 1: Special Representative for the City to the EU's visits reports
- Annex 2: Special Adviser for Asia visits reports
- Annex 3: Asia Team Strategy

**Giles French**

**Assistant Director of Economic Development**

[giles.french@cityoflondon.gov.uk](mailto:giles.french@cityoflondon.gov.uk)

020 7332 3644