

Committee(s)	Dated:
Policy & Resources Committee	19 October 2017
Public Relations & Economic Development Sub-Committee	19 October 2017
Subject: Quarterly Activity Update June-September 2017	Public
Report of: Director of Economic Development	For Information
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Summary

The following report provides Members with highlights of key activity undertaken by the Economic Development Office between June and September 2017. In this critical period for the City's future, EDO has engaged in the key forums that will determine the shape of that future. We have delivered a vital report on a future Free Trade Agreement including financial services between the UK and the EU; developed key partnerships in Brazil, Singapore, China and Hong Kong, particularly buttressing London's position as the Green Finance global hub; launched our innovative report into FinTech; delivered the 30th year edition of the Lord Mayor's Dragon Awards; and seen the first apprentices to start on our Apprenticeships in the City programme to support FPS SMEs in taking on apprentices. We have also set the ground-work for an excellent programme of work in the last two quarters of 2017/18, bringing forward plans to increase the influence of our office in Brussels, preparing for the Commonwealth Business Forum in Spring 2018, planning a busy schedule of Lord Mayor's visits to key markets, and preparing the Business of Trust programme to launch in November.

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

Main Report

Competitive Economy

EU market access

1. The Court of Common Council have approved EDO's proposed expansion of the Corporation's Brussels Office, including the recruitment of a senior leader for the new Management Director role. The response from our partners in government and the FPS industry has been overwhelmingly positive: there is broad and sincere agreement that this is the right move at the right time. This new approach presents the Corporation with an opportunity to show real leadership in Brussels as the focus for the industry's voice both through negotiations and into the new relationship.

2. In terms of influencing the Brexit negotiations, the Regulatory Affairs team has supported the **International Regulatory Strategy Group** to produce the third of its reports on financial services market access after Brexit: '**A New Basis for Access to EU/UK Financial Services Post-Brexit**'. The report outlines the specific mechanisms needed to form a financial services chapter of a future Free Trade Agreement, including a joint EU/UK forum for maintaining regulatory coherence and a shared dispute resolution mechanism.
3. The team has also supported International Regulatory Strategy Group work on data issues for FPS firms, arising both from the implementation of new EU-derived legislation on data and the potential effects of Brexit. The resulting paper forms the basis of a plan for engaging policymakers on this issue.
4. Jeremy Browne, the Special Representative to the EU, has continued his programme of engagement, visiting Spain, Portugal, Denmark, France, Luxembourg, Brussels (twice), Ireland and the Netherlands. These meetings have enabled the Special Representative to gain further insights into the latest positioning by the EU Member States on the Brexit negotiations and directly engage with the Brexit taskforces in Brussels. This engagement has been in conjunction with the work surrounding the IRSG market access report.

International Market Access

5. We are working with HMG and Commonwealth organisations to support the **Commonwealth Business Forum** with a programme of events at Guildhall and Mansion House ahead of the Commonwealth Summit in April 2018. The Forum offers a unique opportunity to promote the City's policy priorities with a wide range of the most senior global partners. Policy and Resources Committee recently approved a paper on this work.
6. The Special Adviser for Asia has made multiple visits to her three primary markets (China and Hong Kong, India and Singapore). In Singapore, she led industry engagement in partnership with the CBI in **the UK-Singapore Financial Dialogue**. In China, she launched her report on **Greening the Belt and Road**, receiving endorsement from the People's Bank of China and speaking at the China-UK Green Finance Forum. She also worked with HMG in China to gather the **City of London China Advisory Council** for their annual meeting. In Hong Kong, the Special Adviser met with government officials and promoted the City at the ASIFMA Belt and Road conference. She has additionally played a leading role at industry roundtables in India.

UK Regulatory Framework

7. We have submitted our response to the **Patient Capital Review** on behalf of the Network Action Group. We have recommended i) that, through the British Business Bank, a super-fund is created to improve capital access for expanding FinTech firms; and ii) that concerns regarding the anticipated withdrawal from the European Investment Fund as well as the need for greater capital access outside London and the south-east are recognised.

Responsible Business

Cultivating Trust

8. As part of the **Business of Trust** programme, a set of guiding principles have been developed, informed and shaped by research and engagement with business and the public, as well as a detailed literature review produced by the Research team. The formal programme – **The Business of Trust** – will launch on 16 November, building into a longer-term programme engaging business through **Leaders of Tomorrow**, which will engage individuals considered to be the future leadership of the City by current City leaders.

Attracting Talent and Building Skills

9. Following the launch of the **Social Mobility Employer Index** in April 2017, the City Corporation has hosted the first of a series of workshops for companies that have either subscribed to the Index or are considering it for the coming year, to look in depth at the Index's findings and explore how companies can maximise the value of their participation in it. The workshop series will continue through October, November and December.
10. Many small and medium FPS firms are paying the new Apprenticeship levy but lack the capacity or resources to develop apprenticeship programmes and utilise their levy. To respond to this, we have worked in partnership with the City HR Association, Investment 2020, National Skills Academy for Financial Services and the Tech Partnership, to launch **Apprenticeships in the City**, a programme to support banking and asset management companies to adopt a co-commissioning approach to apprenticeship training provision. Fourteen companies have joined the programme, which is running through the autumn.

Supporting Enterprise

11. Delivery of the enterprise strategy – **A Catalyst for Growth** – has commenced by addressing the four key areas of need: access to finance, access to markets, access to skills and access to workspace. Currently, SMEs are being supported to develop export potential (especially to the US) and access angel finance, as well as building capacity and skills.

Thriving City

12. Over 300 people attended the celebration of the **30th Lord Mayor's Dragon Awards** on 26 September, rewarding businesses for excellence in their approach to community engagement. Winners included **Arsenal FC** for the Lord Mayor's Award, SME **Keytree** for the Innovation Award, **Bromley by Bow Centre** for the Community Partnership Award, **PwC** for the Regional Impact Award, **Mayer Brown International LLP** for the Inclusive Employment Award, **UBS** for the Accelerator Award and SME **Impact Creative Recruitment** for the Heart of the City Award. Over its 30 year history, the Awards' applicants have touched the lives of more than 10 million people.

Innovation Hub

Green Finance

13. The City of London's **Green Finance Initiative**, in partnership with its Chinese counterpart the **Green Finance Committee**, co-authored their first interim report, which launched in Beijing early September. This was a direct action from the 8th UK-China Economic Financial Dialogue in 2016 and both countries now intend to prioritise three of the report's recommendations before the 9th Economic Financial Dialogue, set for December 2017. The Green Finance Initiative also secured a partnership with Brazil's **Green Finance Council** to leverage the UK and Brazil's public commitment to green finance. We are developing a shared programme to deliver ahead of the 2018 Brazil-UK Economic Financial Dialogue.
14. The City of London will act as joint secretariat for a government-led **Green Finance Taskforce** to build on the UK's global leadership in green finance. The taskforce, chaired by Sir Roger Gifford, has six months to deliver ambitious proposals to accelerate investment in the transition to a low carbon economy, creating high-value jobs and opportunities for UK businesses.

Cyber Security

15. We are working with teams across the Corporation to develop a cohesive cyber security strategy, to meet our shared objectives. We will also be working with external stakeholders such as central government, business and NGO's to ensure we are making the City synonymous with being a secure and trusted environment to do business.

Fintech

16. In October, we will launch the **Value of FinTech** report, produced by KPMG, which highlights the benefits of evolving FPS technologies to consumers, SMEs and the un(der)banked. The report makes recommendations for government and industry to ensure the UK remains the global Fintech hub. We are also facilitating the development of co-ordinated FinTech policy proposals for the Immigration Bill with key sector partners to ensure continued access to international talent.

Global Ambition

Foreign Direct Investment

17. The Export & Investment and Asia Teams supported the launch of the India **Advisory Council** in London in July and hosted a large FinTech delegation in partnership with the Hong Kong government. The team also organised the **Chinese Banks City Connector Dinner** hosted by the Chairman of the Policy and Resources Committee and the HSBC Group Chairman, Douglas Flint, and attended by ten Chinese bank/asset management company CEOs.

Retention and Expansion

18. To support the retention and expansion of FPS firms across the UK, we have launched a **Regional Strategy**, initially engaging with three regions: Northern Ireland, the Northern Powerhouse and Scotland. These regions have been prioritised because i) of the importance of their FPS sector to the UK economy and their regional economy; and ii) the presence of businesses with significant operations in both The City and each region.
19. We have delivered a foundational visit by the Lord Mayor to Liverpool, Manchester and Leeds, including **the City's first engagement with the new Mayor of Greater Manchester**, and are preparing for visits to Northern Ireland in October and Scotland in January. We also hosted a Belfast CBI dinner in June, and met with the senior management of Pro Manchester, MIDAS, Scottish Enterprise and Scottish Development International.

Exports

20. The **Lord Mayor's Overseas Programme for 2017/18** was approved and finalised at the 2nd Mayoral Visits Advisory Committee meeting in July. We have engaged the overseas Posts in the identified key markets to define the scope of the visits and are exploring how we could support year-round market engagements. Upcoming visits include: Saudi Arabia/UAE in December; Israel/Turkey in January; and Australia/New Zealand in February. We are identifying the best senior business people to act as 'business champions' to anchor the delegations and to gather wider industry support.
21. The Export & Investment Team also delivered the Lord Mayor's recent trade promotion missions to Kazakhstan, Zambia, Mozambique, and South Africa. Follow up investment conferences are being organised for Algeria, Tunisia and Turkey in October and Kazakhstan in November.

Research

22. We have published a new **City Statistics briefing**, which covers the key facts around the City's firms, jobs and workforce, and the role financial services plays in the EU economy. This is the first of a number of products being developed for Members and other stakeholders to provide succinct and accessible information on FPS and other priority areas.
23. The team have commissioned the new **Total Tax Contribution of UK Financial Services** report, due to be published at the end of November. This will be the tenth edition of the study, and will feature analysis across the last ten years as to how different components of tax have been impacted by changes to tax policy and the wider regulatory environment.

Recommendation

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

Annexes

Annex 1 – International Regulatory Strategy Group: ‘A New Basis for Access to EU/UK Financial Services Post-Brexit

Annex 2 – International Regulatory Strategy Group: Data Support Paper

Annex 3 – Green Finance Initiative Report

Annex 4 – Greening the Belt and Road Report (English and Chinese)

Annex 5 – City Statistics Briefing

Annex 6 – Update from the Special Representative to the EU and the Special Advisor for Asia

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