

Committee(s)	Dated:
Policy & Resources Committee	04/01/18
Public Relations & Economic Development Sub-Committee	04/01/18
Subject: Quarterly Activity Update October-December 2017	Public
Report of: Director of Economic Development	For Information
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Summary

The following report provides Members with highlights of the key activity undertaken by the Economic Development Office (EDO) between October and December 2017. In the context of Brexit, EDO continues to promote the priorities of the FPS industry energetically, making the strongest possible case to UK and EU policymakers on the areas of trade, transition and talent. This work will be supported by the expansion of the City Office in Brussels. This quarter, EDO has also delivered an ambitious programme of wider international engagement, with high profile visits to the USA, Saudi Arabia, Greater China, India and Israel focusing on areas such as cyber, Green Finance, investment and future trade. This was complimented by engagements with UK partners in Scotland, Northern Ireland and Manchester. EDO also published the 10th edition of the 'Total Tax' report (highlighting the importance of the FPS sector to the UK economy) and the 'Value of Fintech' report, which set out recommendations for the UK to retain its pre-eminence in Fintech. The launch of the 'Business of Trust' programme was another significant success over this quarter, along with ongoing work around social mobility and enterprise. 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. Following receipt of the Court of Common Council's approval to expand the Corporation's Brussels Office, work has been underway to put this into practice. We are in the process of recruiting to the Managing Director role and offers have been made to applicants for the three more junior roles.
2. The Regulatory Affairs team continues to promote the industry's priorities for a future relationship between the UK and the EU: trade, talent and transition. This work has focused on amplifying the voice of the sector as expressed in the International Regulatory Strategy Group's (IRSG) report on financial services market access after Brexit, in line with the December report to PRED

on promoting the City's voice. This has involved supporting the Chairman of Policy and Resources and the Chair of the IRSG in addressing several public events, as well as direct meetings with UK and EU policymakers and regulators.

3. Jeremy Browne, the Special Representative to the EU, has continued his programme of EU engagement, visiting Italy, the Netherlands, Hungary, Cyprus, Slovakia, Spain, Germany and Brussels, as well as engaging with partners in London, Belfast and Jersey. This engagement has been in conjunction with the work surrounding the IRSG market access report.

International Market Access

4. We organised and supported the Chairman of Policy and Resources' visit to the United States in November, meeting a range of political and industry contacts in Washington and New York. This visit was followed up with media and industry briefings, as well as letters to the Chancellor and the Secretary of State for International Trade. Both expressed their appreciation.
5. We have also continued to work with HMG and Commonwealth organisations to develop the agenda for the Commonwealth Business Forum to be held at Guildhall and Mansion House ahead of the Commonwealth Summit in April 2018. This will offer an opportunity to engage with senior partners from Commonwealth countries in support of the City's policy priorities including promoting the UK's FinTech, insurance and legal services sectors.
6. The Special Adviser for Asia has made multiple visits to the Corporation's primary markets. In China, she supported the Chairman of the Policy and Resources Committee's participation in the UK-China 9th Economic and Financial Dialogue, led by the Chancellor, and supported the Chairman in Hong Kong, Shenzhen and Beijing for meetings with government and industry. In India, the Special Adviser spoke at the ASSOCHAM National Conference about insolvency and held meetings in Delhi, Mumbai and GIFT City with support from HMG. She represented the City of London and Green Finance Initiative in the UK-Taiwan Green Finance mission, organised by the British Office in Taiwan.

UK Regulatory Framework

7. The IRSG launched its paper on 'The architecture for regulating finance after Brexit'. The report argues the UK will need to update its regulatory structure for financial services to ensure the system remains proportionate, coherent and fit for purpose. Its four main areas of recommendations for review following the return of EU regulatory powers to the UK are:
 - The powers and resources of UK regulators.
 - Framing the responsibilities of regulators to ensure regulation continues to be at the forefront of global standards while also remaining flexible and adaptive to market needs.
 - The scrutiny and oversight of regulators, how they interact with Parliament, key stakeholders and the public.

- The legislative and regulatory process, as well as an assessment of areas for consolidation and simplification.

Responsible Business

Cultivating Trust

8. The City of London Corporation's 'Business of Trust' initiative was launched by the Lord Mayor on 16 November, where the Lord Mayor and Policy Chairman were joined by the Rt Hon Lord Henley, Parliamentary Under Secretary of State for Business, Energy and Industrial Strategy, and 200 business leaders from across the financial and professional services sector. The initiative is designed to make a positive difference to public levels of trust in the sector. The programme is based on fresh research into public perceptions of financial services and a set of guiding principles which distil existing efforts in this area and provide a shared starting point for the work. The Corporation's work will focus on: inspiring business to operate with integrity and grow their positive impact, supporting businesses and their leaders to meet tomorrow's challenges, and working with partners to build trust in business.

Attracting Talent and Building Skills

9. During the autumn we hosted our Apprenticeships in the City programme, a series of workshops on apprenticeships targeted at banks and asset management companies. Fourteen businesses completed the programme (which was run in partnership with National Skills Academy for financial Services, City HR Association, Investment 2020 and TechPartnership) of which eleven are intending to recruit an apprentice in 2018. The programme highlighted some of the challenges faced by smaller employers in securing a training provider for apprentices. We are continuing to support smaller companies to create cohorts and co-commission training and are working on ways to deliver elements of the programme to other businesses for 2018.
10. As part of our sponsorship of the Social Mobility Employer Index for 2017 we have hosted a series of workshops to help companies learn 'what works' in terms of increasing social mobility in their organisations. The workshops, attended by representatives from over 100 businesses, included topics on data, 'judging potential not polish' and progression and speakers included practitioners from top firms who performed well in the Index in 2017. The opportunity for companies to apply for the 2018 index have recently been opened and so far, 136 organisations have expressed an interest in applying, an increase on 80 interested organisations this time last year.

Supporting Enterprise

11. We have worked with Tech London Advocates to develop a programme of activity as part of continued City Corporation sponsorship in 2018. Key deliverables include a series of focused roundtable discussions with tech founders on key areas of interest to the City Corporation, which could include

fintech, cyber, digital skills and diversity, all in the context of scale-up enterprises.

12. A delivery partner has been appointed to run a pilot 'pre-accelerator' programme in early 2018 to support female entrepreneurs from Black, Asian or Minority Ethnic (BAME) backgrounds running businesses with high growth potential.

Thriving City

13. The Corporation uses Section 106 planning obligations to ensure commercial development in the City supports local employment and businesses in the City and in our fringe boroughs. Over this last quarter, we have had confirmed encouraging figures for 2016/17 on the results of our Section 106 work:
 - 85 separate contracts were placed and £49m spent with 78 local SMEs;
 - Local employment on construction sites in the City amounted to 11.23% of the total employment and 48 apprentices and 24 work-experience students were employed on City sites;
 - 53 unemployed residents were supported into work through support funded by Section 106 cash contributions;
 - There were 80 workshops with schools and 2,250 school students engaged in work-related learning activities that give greater insights into working life and careers choices.

Innovation Hub

Green Finance

14. The recommendations of the City of London's Green Finance Initiative and its Chinese counterpart the Green Finance Committee's first interim report, featured extensively in December's 9th UK-China Economic Financial Dialogue. As part of the 2018 programme, the Green Finance Taskforce, with support from the People's Bank of China, HMT and Bank of England as well as other Chinese and UK actors, will:
 - Lead the discussion on voluntary guidelines on green Belt & Road investment.
 - Research measures to promote green asset securitisation.
 - Conduct pilot products consistent with the Task Force on Climate-related Financial Disclosures (TCFD).
 - Promote analysis to demonstrate a positive correlation between ESG and financial performance.
15. The City of London is the joint secretariat to the government-led Green Finance Taskforce which launched in September of this year. The taskforce is on track to deliver actionable recommendations covering retail, commercial, capital markets, institutional investors, venture capital and insurance, come its six-month deadline in March 2018.

Fintech

16. In October, we published the Value of Fintech report, produced in partnership with KMPG. The key recommendation from the report was for industry and government to pursue a Fintech sector deal, and we offered to help convene the industry to support that. The aim is for a public announcement in early 2018.

Cyber

17. In line with the Corporate plan, current EDO work streams, and following on from the Chairman's trip to Tel Aviv at the end of October we are continuing to develop the cyber security strategy. We have been working with wider internal teams and external organisations to feed into this. We are looking to develop our offering in cyber security as well as work with these external stakeholders to enhance the cyber security ecosystem in London. We are looking to focus on skills, market growth and guidance and advice dissemination.

Global Ambition

Foreign Direct Investment

18. The Export and Investment team have been working with London and Partners to co-manage and support delivery of new investment projects into London from global markets in financial and professional services. This has included successful landing of innovation hub for Japanese Mega bank, MUFG.

Retention and Expansion

19. The Export and Investment team have been developing new co-ordinated and actively managed relationships with key financial and professional services investors in London and potential exporters from the UK. We now have 80 active relationships.
20. We have operationalised our regional strategy through visits to the regions, events and meetings with key stakeholders including MIDAS in Manchester and Scottish Enterprise in Scotland. We have put together a plan for each of the regions which includes visits, events, and account management of key accounts which our partners in the regions recommend.
21. The late Lord Mayor had very successful visits to the Northern Powerhouse and both Ireland and Northern Ireland on which we are now building our regional strategy. The current Lord Mayor will be visiting all three of our priority regions during his tenure, including Scotland (Edinburgh) in January. We have organised both a Manchester event which will be held in the Guildhall on 24th January in partnership with MIDAS as well as a Scottish Asset Management dinner on 31st January in partnership with Scottish Enterprise.

Exports

22. The Lord Mayor has had a successful visit to Saudi Arabia and the UAE with a focused agenda around the Public Investment Fund, supported by a core high level business delegation including State Street asset management and the London Stock Exchange. We are now preparing for the Lord Mayor's visit to Israel in January focusing on cyber security, and our first trade mission to Australia and New Zealand in February, focusing on Fintech and asset management as well as a second trade mission to China in March looking at the Belt and Road. We have secured Alastair Lukies, founding partner of Motive Partners and UK Fintech Ambassador, as our business champion for Australia and New Zealand and Sir Tom Troubridge, from PWC, for our China visit. We have put together market plan for each of our twenty priority markets which includes our plans for year round engagement with posts and strategic account management of businesses recommended to us on behalf on post.
23. We had successful investment conferences which we hosted at Mansion House as follow-up events for the visits to Algeria, Tunisia and Kazakhstan. Each event had a theme which we decided on in conjunction with post and our business delegation. The Algeria and Kazakhstan events were full day conferences which included a number of panel discussions and presentations with 100 attendees. The Tunisia event was a round table and reception with a group of 40 stakeholders where able to have an indepth and productive discussion about the market.

Research

24. The team have started work on its long term research programme – 'Does place still matter' – to establish the role of place and the changing factors that attract and keeps workers and businesss to the city. The team have undertaken a series of interviews with key city firms and stakeholders and hosted two research roundtables, These have enabled the team to discuss the drivers of change currently at place in the City and the impact of this on businesses and the built environment. The first output from the programme will be a report and campaign for MIPIM, held in March in Cannes.
25. The team have also published the tenth edition of the Total Tax Contribution of UK Financial Services study. This high profile report was covered on the front page of City AM, and featured in the Financial Times. The team (with PWC) also briefed key Civil Servants at DIT, Cabinet Office, HMT (Tax and Exiting the EU teams) and DExEU, with the reports findings also picked up in parliamentary references from Robert Neil and Nicky Morgan.

Recommendation

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

Annexes

Annex 1 – Value of Fintech Report

Annex 2 – Total Tax Report

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