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Policy & Resources Committee	23/03/2018
Public Relations & Economic Development Sub-Committee	
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Report of: Director of Economic Development	For Information
Report author: Alex Greaves	

Summary

The following report provides Members with highlights of the key activity undertaken by the Economic Development Office (EDO) from April 2017 to March 2018.

The main report covers outcomes under each of EDO's strategic objectives for 2017/18. Attached as an annex is a report which presents EDO and the wider Corporation's work on financial and professional services (FPS) for external stakeholders.

Main Report

Competitive Economy

EU Market Access

- *To achieve the best possible outcome from the Brexit negotiations.*

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.
2. The Regulatory Affairs team has continued to provide the secretariat function for the International Regulatory Strategy Group, where the CPR is deputy-Chair. In September, the IRSG launched the third in its series of reports on EU market access with events in Brussels and London. This report proposed an ambitious model of mutual regulatory recognition, to underpin EU/UK market access in financial services post-Brexit. Since the launch, the team has supported extensive engagement on the proposal with UK and EU policymakers and opinion-formers by the Chairman of Policy and Resources, the Lord Mayor, the Chair of IRSG and EDO officers.
3. The Special Representative has continued to strengthen his visits to the EU institutions, operating monthly (often meeting with representatives of all the various EU Brexit Taskforces), and all EU27 Member States. He has also been representing the City Corporation at several of the formal country dialogues, including the recently launched Anglo-Dutch dialogue. When in the UK, the

Special Representative has met with senior UK Government officials, European representatives and influencers in the Brexit discussions.

4. **Outcomes** – The mutual recognition work was warmly welcomed by HMG, culminating in the Chancellor announcing in March 2018 that a model of this type would be HMG's preferred outcome from the Brexit negotiations. The trips undertaken by the Special Representative to Europe has meant that the IRSG's mutual market access proposal, and other policy agendas, have been promoted at the heart of European Governments. We have also recruited to three of the new junior roles in the Brussels Office.

International Market Access:

- *To develop and strengthen access to London's most important markets including both mature markets and emerging markets*
 - *To promote frictionless global trade and advocate international regulatory coherence through our Chinese and Indian offices.*
5. We have worked to support international market access by delivering two well-received visits for CPR to the US (which provided valued feedback to the Chancellor and Secretary of State for International Trade) and working to deliver the Commonwealth Business Forum, which will take place in April 2018.
 6. We have worked 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.
 7. In the financial year 17/18, the Asia team across China, India and the UK have contributed to enhancing the UK's competitive environment and access to global markets by participating in 4 government-to-government dialogues in Asia, establishing 3 new working groups to drive forward policy areas in addition to 1 existing active working group. The Special Adviser for Asia has made multiple visits to the City's three primary markets, Greater China, India, and Singapore, and other Asian markets including Malaysia and Taiwan, which have delivered market insights that are shared with UK Government, UK industry and contribute to the Policy Chairman and Lord Mayor international visits programme. Through this work the team has supported the Policy Chairman on 3 visits to China, participating in the UK China Economic and Financial Dialogue on the Chancellor's official business delegation. We will further support the Economic Dialogues in the region alongside HM Treasury in the coming year.
 8. In 2018, the China and India representative offices are celebrating 10-year anniversaries, and we will use this milestone to consult with industry on London's future relationship with Asia and feed this back to government and partners through our Asia Next Decade campaign. The team has supported Sir Michael Snyder's visit to India to celebrate 10 years in the market and forged relationships

with the Indian regulators on specific themes in bankruptcy and corporate bonds and Fintech.

9. **Outcomes:** By establishing 3 new working groups, and launching the Asia Next Decade Campaign the teams across China, India and the UK have contributed to enhancing the UK's competitive environment and access to global markets. We authored a paper for the IRSG global regulatory coherence workstream, setting out how the FPS industry in the UK can better engage with the global supervisory system to drive coherence. Through the trips to Asia by the Special Adviser, the team has identified opportunities for the UK in ASEAN in Islamic Finance and infrastructure financing in Malaysia and Indonesia. A high quality agenda and attendee list is now ready for the Commonwealth Business Forum, which we anticipate being a major success.

UK Regulatory Framework

- *To ensure high standards and promote global regulatory coherence by working with partners so that UK standards in financial and professional services are maintained at the highest level.*
10. On the domestic regulatory front, EDO has focused on the domestication of the EU acquis of financial services regulation via the EU Withdrawal Bill.
 11. **Outcomes:** The team has contributed to the creation of two reports on this subject by the IRSG and assisted the Remembrancers Department in turning these into a strategy around amendments to the Bill

Responsible Business

Cultivating Trust

- *To support businesses to adopt responsible practices and improve public perception of the City by recognising success and sgharing best practice.*
12. We celebrated **30 years of the Lord Mayor's Dragon Awards**, which recognise business impact in society. Winners included two SMEs, Impact Creative Recruitment and Keytree, and a premier league football club, Arsenal FC, alongside UBS, Mayer Brown, PwC and The Bromley by Bow Centre.
 13. Prompted by the sharp decline in public trust in business, we led a unique research programme, scanning the horizon and consulting with business, the public and industry groups to identify how FPS could respond. This led to the launch of the City Corporation's **Business of Trust initiative** at Mansion House in November. Since the launch we have reached diverse communities, influencing them to put trust at the top of their agenda through considerable media coverage, the launch of an insight paper and countless speeches and events. We have also developed of a high-potential network of 'the Leaders of Tomorrow' focusing on creating change in their organisations and sectors.

14. We led a review of the City Corporation's performance on a range of social and environmental indicators to provide a benchmark for **a new organisational responsible business strategy**.
15. **Outcomes** – Whilst this year was the 30th anniversary of the Lord Mayor's Dragon Awards, it saw a 20% increase in applications from a wider range of forms than ever before. The Business of Trust Initiative launch in November was attended an audience of over 200 senior business leaders. The first of the Leaders of Tomorrow series of workshops was excellently attended and saw speakers join us from Blackrock, Aviva, Nationwide, the Banking Standards Board, and many more. Working with the Chamberlain and Director of the City Bridge Trust, we have shaped a draft centrally-owned responsible business strategy, strengthening EDO's advocacy role by demonstrating how the Corporation walks the talk.

Attracting Talent and Building Skills

- *To enable financial and professional services to attract the talent it needs and build the necessary skills by working with employers to highlight skills gaps and shortages.*
16. In April we hosted the launch of the Institute for Apprenticeships at Mansion House, raising awareness of the opportunities that apprenticeships offer to businesses. From this, we established the **Apprenticeships in the City** programme with FPS firms to adopt a co-commissioning approach to apprenticeship training provision. Fourteen companies completed the programme. To reach a wider audience, we launched a series of webinars in National Apprenticeship Week 2018. We have also supported research by the Sutton Trust through their 'Spotlight on Apprenticeships and Social Mobility'.
 17. In line with the corporate plan and other EDO workstreams, have been working with teams across the Corporation, including City of London Police, to understand the challenges in developing a digitally skilled workforce that meets business needs and support a cyber secure city.
 18. To increase business efforts in supporting social mobility, we sponsored the inaugural Social Mobility Employer Index for 2017. We hosted the launch of the Index in June 2017, attended by over 200 delegates, and a series of workshops to help employers learn 'what works' in terms of improving social mobility and have been working with colleagues in the Lord Mayors Appeal team to develop work to support the progression of talent from all backgrounds within their the sector.
 19. We continue to support diversity in the FPS workforce and signed the Women in Finance Charter. We continue to work closely with the Power of Diversity initiative and have identified progression in work as an area where barriers remain. this issue further and inform our future work.

20. We continue to support young people to consider and prepare for a career in FPS by offering workplace visits for primary and secondary children to visit a City firm and enabling businesses to offer paid internships for high-achieving A-Level students.
21. **Outcomes:** In terms of social mobility, this year has seen:
- 98 organisations, employing just under 1 million people, applied to the Social Mobility Employer Index, which we sponsored. Firms from the FPS sector made up 57 of the total number of firms.
 - In December 2017, we hosted a roundtable attended by 17 businesses to explore diversity in the FPS workforce further and inform our future work
22. In terms of supporting young people into work, we have:
- Supported 1578 young people to increase their awareness of City careers or to gain work experience or a qualification relevant to FPS and provided 1503 school pupils with a visit to a City employer
 - Placed 55 high-achieving young people from lower socio-economic backgrounds in a paid internship in a City firm and placed 29 students from City of London Academies with work experience.
 - Supported 20 students to begin a Chartered Institute of Securities and Investments qualification in financial services.
 - Hosted the launch of the Work Finder App, attended by 200 delegates in January 2018

Supporting Enterprise

- *To increase the number of start ups that scale successfully in financial and professional services and support responsible growth. By working with government and industry we aim to remove barriers to growth and enable businesses to scale responsibly and achieve their potential.*

23. **Outcomes:** We undertook a range of activities to meet the 2017/18 aim:
- To help address the under-representation of female entrepreneurs and those from ethnic minorities among businesses entering 'accelerator' programmes, we supported 20 entrepreneurs running businesses with high growth potential through a pilot 'pre-accelerator' programme.
 - To improve the capacity and understanding of investors in early-stage growth companies we supported the set-up of a business angel institute, helping more than 100 business angels through workshops and webinars and facilitated investment pitching events for 20 early stage businesses.
 - To bring together the innovation developed within London's buoyant start-up scene with corporates in FPS, we piloted two 'open innovation' sessions bringing together 15 start-ups delivering innovative solutions to challenges in professional services and fintech (specifically blockchain) respectively.
 - To underline the City Corporation's support for the tech sector, we continued our sponsorship of Tech London Advocates, widelivering a series of focused roundtable discussions with tech founders, to include fintech, cyber, digital skills and diversity, all in the context of scale-up enterprises.

Thriving City

- *To identify and address the key challenges London faces to remain a globally competitive city whilst also ensuring inclusive growth.*

24. **Outcomes:** 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 the course of the 2017/18 financial year, we have confirmed these results of our Section 106 work up to January 2018:

- 30 separate contracts were placed and £17m spent with 27 local SMEs;
- Local employment on construction sites in the City amounted to 10.17% of the total employment and 36 apprentices and 3 work-experience students were employed on City sites;
- There were 28 workshops with schools and 687 school students engaged in work-related learning activities that give greater insights into working life and careers choices;
- 16 students are currently studying at the Chartered Institute for Securities & Investment for the 'Fundamentals of Financial Services' certificate.

Innovation Hub

Green Finance

- *To ensure that the UK is the leading global financial centre for green finance.*

25. The Green Finance Summit, the flagship event for the Corporation's Green Finance Initiative and organised and hosted by the City Corporation at Guildhall, took place on 31 May/1 June 2017 with 500 attendees, showcasing global innovation and delivering key industry messages regarding the funding and implementation of the Paris Agreement. The City of London also secured its role the joint secretariat to the government-led Green Finance Taskforce which launched in September 2017.

26. In partnership with its Chinese counterpart the Green Finance Committee, the Green Finance Initiative co-authored their first interim report, launching in Beijing early September. This was a direct action from the 8th UK-China Economic Financial Dialogue. In 2018, the China-UK Green Finance Taskforce, with partners such as the People's Bank of China, HMT and Bank of England, 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.

27. **Outcomes** – The Green Finance 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. The recommendations of Green Finance Initiative’s first interim report featured extensively in December 2017’s 9th UK-China Economic Financial Dialogue in December 2017. We are developing a shared programme to deliver ahead of the 2018 Brazil-UK Economic Financial Dialogue.

Fintech

- *To establish the UK as a market leader in innovation and use of technology by working with Innovate Finance to demonstrate the value of fintech to the UK and global economy.*

28. In October 2017, 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. 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.

29. The Corporation hosted the Innovate Finance Global Summit for 2017 and for 2018. In 2017, Ian Dyson, Commissioner of the City of London Police, participated in a panel on organised cyber crime and Sir Alan Yarrow spoke of the vast fintech opportunities and potential in London, and its value to the UK economy and society at large. In 2018, Catherine McGuinness participated in a roundtable on ‘creating a global talent pool’ and Alderman William Russell addressed attendees at the Mansion House dinner on the need for continued advocacy for strong technological education.

30. We are also contributing to the development of policy proposals to government on a range of issues including continued access to global talent. We participated in Innovate Finance’s recent submission of data to the Migration Advisory Committee on EEA workers in the UK labour market and are now working to develop this evidence into proposals for future changes to the UK’s immigration policy. Our key asks which we inputted to the Government’s **Patient Capital Review** were 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.

31. 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, Financial Conduct Authority, the Bank of England, and key trade associations such as BBA and CBI.

32. **Outcomes:** As a result of industry engagement in which we have been a leader, on 22 March 2018, the Chancellor released a Fintech Sector Strategy which outlines how the Government will support the growth of fintech in the UK. We were also pleased to see our three asks recognised in the Government response to the Patient Capital Review. Almost 2,000 delegates – investors, innovators and regulators – attended the Innovate Finance Summits in 2017 and 2018 respectively.

Cyber

- *To ensure that London is the most resilient financial centre to cyber attack and a dynamic centre for products and services.*

33. 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, with wider internal teams and drawing input from external organisations. We are looking to develop our cyber security offering as well as work with these external stakeholders to enhance London's the cyber security ecosystem. We are looking to focus on skills, market growth and guidance and advice dissemination and to utilise the Chemistry Club City networking events to broaden our engagement with businesses and other key cyber stakeholders

34. **Outcomes:** We are taking our recommended approach to this committee.

Global Ambition

Foreign Direct Investment

- *To support and enable the movement of new financial and professional services businesses into London.*

35. 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 FPS.

36. **Outcomes:** Over the first year the team have supported 35 projects including the successful landing of innovation hub for Japanese Mega bank, MUFG.

Retention and Expansion

- *To encourage financial and professional services business to remain in, and expand across, the UK.*

37. The Export and Investment team have been developing new co-ordinated and actively managed relationships with key FPS investors in London and potential exporters from the UK, working with partners in central and local government. The team hosted a series of Brexit Forums for selected groups of around 20-30 key investors from China, Japan and the US chaired by the Policy Chairman and

Special Representative to the EU working with key representatives from HMG and TCUK, with the purpose of providing insight and re-assurance.

38. We have established on a new regional engagement strategy aimed at building stronger business partnerships with Edinburgh, Belfast and Manchester. We have delivered a shared programme of engagement working with Scottish Enterprise, InvestNI and MIDAS. Highlights include:
- **Belfast:** The Policy Chairman and Lord Mayor visited Belfast and Londonderry in October 2017 with a focus on Cyber security and hosted a Belfast CBI dinner in June 2017 to discuss stronger working links around inward investment between the City and Belfast.
 - **Edinburgh:** The Lord Mayor visited Edinburgh in January 2018. This included a high-level asset management round table with the First Minister and Standard Life Aberdeen amongst others.
 - **Manchester:** The Lord Mayor and Policy Chairman visited Manchester in July 2017 and met Andy Burnham, the Metro Mayor of Greater Manchester. The Policy Chairman hosted a breakfast event in January 2018 with Tim Newns, Chief Executive of MIDAS and 20 businesses.
 - **MIPIM:** The team organised for all three regions to participate in an event hosted by the Chairman of Policy at MIPIM in March 2018 with other FPS hubs, to promote UK as a global leader in FPS, with a diverse and integrated offer across the regions and nations.
39. **Outcomes:** Over 2017/18 we engaged over 200 companies and have now prioritised 80 key company relationships with a focus on supporting growth and retaining investment. We have signed Memorandums of Understanding with the Department for Trade and London and Partners to enhance collaboration between the City, Government and Mayor of London. We have also built strong platforms for ongoing partnerships with Edinburgh, Belfast and Manchester.

Exports

- *To identify and increase exports to priority markets by offering introductions to business contacts, regulators and policy makers in firms' target markets.*
40. The team is delivering a new three-year strategic programme of engagement with priority overseas markets. Key elements include focusing Lord Mayor visits on key business themes for the City in areas like fin tech and cyber security; delivering high quality business delegations and corporate partnerships; year-round engagement through country focused events in London and stronger co-ordination with central Government and Embassy's overseas.
41. We also held successful events with key markets to strengthen on going engagement before and after visits including a Hong Kong fintech roundtable and dinner, Mayor of Chicago dinner, Israeli Cyber security event, Mexican Green Finance delegation, Australian financial services dinner and US Chamber of Commerce Cyber briefing.

42. **Outcomes** The team has delivered Lord Mayoral visits to over 20 countries securing 80 business participants for the programme at senior level:
- The Lord Mayor led a visit to Saudi Arabia and the UAE in December 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 working closely with HMG at a strategic level to support UK private sector engagement with the PIF.
 - The Lord Mayor visited Australia and New Zealand in February accompanied by a delegation of 12 Fintech companies and the PM's Business Ambassador for Fintech, Alastair Lukies. Five companies cemented deals and identified a number of FDI prospects.
 - The Lord Mayor visited Spain and Portugal in March and held focused bilaterals with key investors including Santander and BBVA.
 - The Lord Mayor visited China and Hong Kong in March focusing on opportunities around Belt and Road and Green Finance. He was accompanied by a 20-person strong business delegation led by Sir Tom Troubridge (Vice Chair BBC) and senior representatives from HSBC, Standard Chartered, Linklaters, LSEG, Deloitte and Barings.
 - The Lord Mayor and Governor of Tokyo co-signed an MoU between the City Corporation and Tokyo Metropolitan Government in December focused on building stronger links in key areas such as Green Finance, Education and Asset Management. We hosted an inbound senior delegation from TMG in January and are planning the Lord Mayor's visit to Japan in July.

Research

43. Building on the recommendations from the 2017 review of research, the team initiated a new programme of primary research with City firms and property professionals to deliver the new showcase report **The City as a Place for People**. Working closely with the Department of the Built Environment and in collaboration with the City Property Association, this was published in March 2018 and launched at the MIPIM property conference in Cannes and a London property event, highlighting the innovative developments in the City's property and placemaking offer that are attracting and retaining global talent and businesses. The report has received extensive property conference and positive feedback from partners and marks the beginning of a more substantive in-house research programme alongside a new approach to design and format.
44. The team commissioned and published the tenth edition of the **Total Tax Contribution of UK Financial Services** study, working with PwC to highlight the significant role that financial services play in supporting UK finances. This annual report continues to receive extensive press coverage, including The Times, The Telegraph, the Independent, City AM, Reuters, Politico, ITV and the Daily Mail. The team briefed key Civil Servants at DIT, Cabinet Office, HMT (Tax and Exiting the EU teams) and DExEU, on the report, with direct engagement from City Minister John Glen and the evidence being used in parliamentary debates around the importance of UK financial services, including Robert Neil and Nicky Morgan.

45. The team have developed new briefing products for Members and other stakeholders, in particular the **City Statistics** snapshot report, covering key facts around the City's firms, jobs, workforce, and role in the UK economy. This sits alongside other new products to highlight and share key information, including the Brexit-Related Firm Movement tracker and postcard infographic "stats-cards".
46. The team has worked collaboratively across the Corporation to develop and deliver new priority areas. Within EDO this has included primary and secondary research to develop the Lord Mayor's Business of Trust agenda and developing a new evidence base and research model for identifying and working with priority markets for trade promotion, such as Australia and New Zealand. More widely, the team have worked on cross-departmental priorities, most notably collaborating with the Department of the Built Environment across a range of competitiveness-focused areas and working with City Bridge Trust to shape ongoing work on corporate philanthropy. We have also advised on areas ranging across the Culture Mile evaluation and Cultural Enterprise Zone initiative, City worker health and well-being, and the Transport Strategy.

Recommendation

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

Annex 1 – Draft External Annual Report

Alex Greaves

Senior Business and Policy Officer, Economic Development Office

Alex.greaves@cityoflondon.gov.uk

0207 322 316