

Committee: Policy and Resources	Dated: 12 April 2018
Subject: City of London Corporation Regional Strategy	Public
Report of: Director of Economic Development	For Decision
Report author: Alex Green	

Summary

In early 2017 Members called for a strategy to demonstrate London's value to the rest of the UK and maximise our engagement to encourage economic development in other parts of the country. This Regional Strategy was approved by Members of the Policy and Resource Committee in June 2017. The work is led by the Global Exports and Investment team (GE&I) in the Economic Development Office (EDO). **This report summarises the activity that has taken place so far and recommends next steps for Members to consider.**

The regional strategy was launched as a pilot, without extra resource, by drawing on existing teams and bringing in a secondee. A joint programme of engagement with The Chairman of Policy and Resource (CPR) and The Lord Mayor (LM) has focused on:

- Working with three regional centres (Belfast / Northern Ireland (NI), Edinburgh / Scotland and Manchester) that have significant financial and professional services clusters with an international focus.
- Helping retain and increase inward investment into these regions/UK.
- Building awareness of the opportunities and expertise London provides to UK based firms to export their products and services globally.

Complementing this economic work has been political engagement, led by the Corporate Affairs team. This has seen increasing engagement with the new devolved authorities including the metro mayors. This engagement with mayors in other cities is an important part of the Country section of the CPR's City-Capital-Country agenda. They complement the LM's programme of regional visits and the GE&I team's work to promote exports from and investment in London's partner cities.

Recommendation

Members are asked to decide the following:

- Continue to develop engagement with the three pilot regions;
- if CoLC should become a partner member of Scottish Financial Enterprise (SFE) for a trial period of one-year at a cost of £11,200 in 2018/19 to further strengthen the Edinburgh and Scotland engagement;
- expand the partnership programme by adding three more selected UK city regions, Cardiff, Birmingham and Leeds. Approval of a one-year fixed term contract account manager at the cost of £52,200 to cover the substantial increase in additional workload, is recommended. Officers will then report back to Committee to review progress;
- should the above membership to SFE (£11,200) and the extended partnership programme (£52,000) be agreed the cost should be met from your Committee's Policy Initiatives Fund for 2018/19 categorised under Promoting the City and charged to City's Cash.

Main Report

Background

1. In 2017 The City Corporation (COLC) revised its strategy for regional engagement to promote the UK-based financial and related professional services industry. Members requested a strategy that demonstrates London's value to the rest of the UK and maximises our engagement to encourage economic development in other parts of the country.
2. Before the adoption of a revised Regional Strategy, engagement consisted of annual visits by the LM and ad hoc events in London. The ambition was to establish more strategic partnerships with key regional centres and to focus on how we can work together. The two key economic aims were:
 - a. To deliver increased investment across the UK and
 - b. To encourage UK based financial and related professional services firms to export their products and services.

Three regional city centres were identified as the first 'wave' of the Regional Strategy:
- Belfast / NI, Edinburgh / Scotland and Manchester.

3. Each of the three regional centres of Belfast / NI, Edinburgh / Scotland and Manchester, currently has a nominated Senior Account Manager in the GE&I team. In terms of team resource, this accounts for approximately 1.5 of a Full Time Equivalent. In addition, EDO has hosted a full time 9-month secondment from Belfast City Council (concluding March 2018). This post spends 75% of their time supporting the regional engagement work with Belfast and Northern Ireland. Plans are in place for a part time secondment arrangement with Derry City and Strabane District Council (commencing April 2018). This resource will only cover up to one week per month of the regional engagement work with Belfast and Northern Ireland. Therefore, there will be a significant decline of current resource supporting the Regional Strategy.
4. Since June 2017, a significant amount of work on the strategy has taken place and there are many examples of successful engagement with Belfast / NI, Edinburgh / Scotland and Manchester (See Appendix A)

Wider Political Engagement - Corporate Affairs

5. Political meetings that have taken place so far outside of the three regions include:
 - Tim Bowles, Mayor of the West of England, August 2017
 - James Palmer, Mayor of Cambridgeshire and Peterborough, November 2017
6. The annual political party conferences provide further opportunities for regional engagement. In 2017 the four main party conferences were held in Bournemouth, Brighton, Manchester and Glasgow. In 2018, the locations that have been announced so far are Brighton, Liverpool and Birmingham. All conference-hosting cities listed have a financial and professional services presence. In developing our conference programmes, CoLC can look to bring in and build relationships with regional elected figures.
7. CoLC is currently sponsoring a piece of work by the think-tank Centre for London. The aim of this work is to identify what can be done to strengthen relations with cities across

the UK. Other sponsors of this work include the Mayor of London and Westminster Council and London Councils.

8. CoLC is in discussions with TheCityUK to understand how we continue to partner and work together on our regional engagement. TheCityUK have appointed a number of City Chairs in key financial hubs to further promote and champion the industry and their work. These are; Bristol, Cardiff, Belfast, Manchester, Leeds and Birmingham.

Current Resource

9. No extra resource was dedicated to the regional strategy - instead we redeployed resource from the Global Exports Team and brought in a secondee. The current level of engagement has been managed by three Senior Account Managers within the GE&I team accounting for 1.5 Full Time Equivalent. A full time 9-month secondment from Belfast City Council (concluding March 2018) currently covers 70% of the regional engagement work with Belfast / NI. Plans are in place for a part time secondment arrangement with Derry City and Strabane District Council (commencing April 2018). This will only be one week per month maximum and will not be focused solely on regional engagement.

Proposal

10. Based on the success of the Regional Strategy in year one there is a strong case for continuing building relationships and engagement with the three current city regions (see appendix A). Members are asked to approve the continuing of this current engagement for 2018/19.
11. CoLC have been working with Scottish Financial Enterprise (SFE), the trade body for financial services in Scotland. SFE have asked CoLC to become a partner member for a trial period of one year in 2018/19. The aim is to allow much deeper and broader engagement with SFE. Engagement includes direct involvement in their Strategic Initiatives, holding key leadership positions, bespoke support for CoLC from SFE, shaping their Financial Services Advisory Board (FiSAB) agenda and shaping the agenda for the UK Government in Scotland. Provide regular personal briefings, facilitate any specific meetings with SFE Chairman or Board members and finally unrivalled access to the Scottish Government, its agencies and Ministers. Membership is £11,200.
12. EDO have analysed the next tranche of city regions in the UK and have identified Birmingham, Cardiff and Leeds as the next key priorities for our Regional Strategy. This analysis is based on the nature and importance of financial services undertaken within them, both in terms of impact on the UK economy and as a proportion of their size to that of the regional economy they are part of (see appendix B).
13. Where a city region has a strong trade and investment focus, engagement should be led by EDO, where there is a need for more political engagement, this should be led by Corporate Affairs.
14. To deliver an expanded regional strategy will require additional resources. The current Senior Account Managers will have to dedicate less time to CoLC international engagement, which is one of the key attractions for our regional partners. Recommend a one-year fixed term contract for a dedicated Account Manager to deliver the expanded regional strategy.

Implications

15. It is proposed that the required funding of £11,200 for membership to SFE and £52,000 for a fixed term Contract Account Manager to expand the partnership programme to Cardiff, Birmingham and Leeds totalling a combined cost of £63,200 is to be drawn from your Committees 2018/19 Policy Initiatives Fund categorised under 'Promoting the City' and charged to City's Cash. The current uncommitted balance within your Committees Policy Initiative Fund for 2018/19 is £602,230 prior to any allowance being made for any other proposals on today's agenda.

Conclusion

16. A significant amount of work on the strategy has taken place since June 2017 and this has resulted in many examples of successful engagement with Belfast / NI, Edinburgh / Scotland and Manchester (See Appendix A). The first year has proved just how important CoLC engagement is with other important UK financial and professional services city regions.

Appendices

- A) Engagement with Pilot Regions 2017/18
- B) Financial Centre Analysis

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Appendix A

Engagement With Pilot Regions 2017/18

Belfast and Northern Ireland

Focus – CoLC main aim is to increase further international inward investment into Belfast and NI.

Outcomes

- COLC hosted a Belfast CBI dinner in June 2017 to discuss stronger working links around inward investment between CoLC and Belfast.
- CPR joined the LM's delegation to Belfast and Londonderry in October 2017. This included visits to Belfast Metropolitan College, Ulster University, and a dinner with over 250 business and civic leaders in Belfast's Titanic Hotel.
- CPR met former First Minister and current leader of the Democratic Unionist Party Arlene Foster in October 2017, as well as other senior political figures from other parties.
- CPR is hosting an event to promote the Atlantic Link, a new Economic Development Zone in Coleraine.
- Belfast will participate in an event hosted by the CPR at MIPIM with other UK city regions, to promote the UK as a global leader in Financial Services.
- Jeremy Browne, Special Representative to the EU met with political and business representatives in Northern Ireland in October to explore cross-border issues related to Financial Services between Northern Ireland and the Republic of Ireland.
- COLC hosted a Belfast Partners event in Mansion House in November 2017, with 200 attendees. The LM and Secretary of State for Northern Ireland promoted investment opportunities in Belfast, alongside the Chief Executive of Belfast City Council and the Chief Executive of the British Business Bank
- COLC hosted the annual dinner of Co-operation Ireland, the peace-building charity, in February 2018. CPR spoke at the event.
- A meeting was held with Invest Northern Ireland senior management to discuss the regional strategy and offer of COLC Support.
- Invitations to the LM's Banquet and sheriff's lunches at the Old Bailey have been sent to key contacts in Northern Ireland.
- Invest Northern Ireland participated in LM's trade mission to Australia, February 2018.
- The secondment from Belfast City Council (concluding March 2018) has created a programme of work, focussing on the Belfast City Deal, skills, and responsible business support to SMEs.

Edinburgh and Scotland

Focus – CoLC main aim is to support Edinburgh and Scotland build greater trade links and encourage further international trade and export.

Outcome

- LM visited Edinburgh and Glasgow in January 2018 and met the First Minister of Scotland, Nicola Sturgeon.
- As part of the LM's trip in January 2018 a round table was held in Edinburgh with the First Minister, Standard Life Aberdeen, Virgin Money, Clydesdale Bank, Scottish Financial Enterprise, Royal Bank of Scotland, EY, TheCityUK, Scottish Enterprise and the FCA. The aim was to discuss and promote how Scotland and CoLC work

together and how more Scottish firms can access London as a launch pad to international markets.

- Launch of the Scottish Legal International programme at Guildhall in March 2018. This event promoted Scottish legal services globally and highlight the Scotland / London partnership.
- A meeting was held with the CEO of Scottish Enterprise and CPR to discuss the Regional Strategy, CoLC support and buy-in to the Regional Strategy.
- Standard Life Aberdeen, a Scotland HQ asset manager took part in LM's Trade Mission to Australia and New Zealand.
- Scottish Enterprise participated in LM's trade mission to Australia in February 2018.
- Meetings with Scottish based firms to offer support around LM's overseas trade missions.
- The Department for International Trade and CoLC hosted an event at MIPIM to promote the complementarity of the regional hub offers, developing a joint narrative on UK Financial and Professional Services proposition.
- Invitations to the LM's Banquet and sheriff's lunches at the Old Bailey have been sent to key contacts in Scotland.

Manchester

Focus – CoLC main aim is to build greater investment links and help encourage further investment from companies into Manchester.

Outcome

- LM visited Manchester in July 2017 where, joined by CPR, a meeting was held with Andy Burnham, the Metro Mayor of Greater Manchester.
- CPR hosted a breakfast event in January 2018 with Tim Newns, Chief Executive of Manchester Inward Development Agency (MIDAS). The roundtable session looked at the key factors facing the financial services industry from a technology and regulatory perspective and the impact these have on operating models/client service delivery. Attendees included both FinTech firms and more established banks from both London and Manchester.
- Other key engagements included a dinner with key business leaders and a FinTech lunch
- Regular meetings held with MIDAS senior management to discuss the regional strategy and offer of CoLC support.
- Conversations beginning with MIDAS regarding the LM visit to Manchester in July 2018 and another potential joint event.
- Invitations to the LM's Banquet and sheriff's lunches at the Old Bailey have been sent to key contacts in Manchester, as well as other key events

Feedback from our Three Regional Partners

S Wylie, Chief Executive, Belfast City Council

“The partnership with the Corporation has been of great benefit to Belfast City Council, providing us with a global platform upon which to promote investment into Belfast and the whole of Northern Ireland. With the Corporation's considerable influence and support in opening doors to new conversations, businesses can see and understand Northern Ireland as a talent-rich, cost-competitive, integrated near-shore location. Hosting the previous Lord Mayor's visit, with the Chairman in October has initiated a series of exciting collaborations around digital skills and cyber-security innovation in particular, and I look forward to ensuring those bear mutual benefit for both Belfast and the City. We also appreciate the Corporation hosting Caroline's secondment, who will be bringing back to Belfast practical insights on

better engagement with the private sector and responsible business practices, as well as a network of sustainable relationships which will continue to enrich this fruitful partnership.”

Paul Lewis – CEO of Scottish Enterprise

‘.....engagement has been very positive....the work done together in planning for and then hosting the Lord Mayor’s visit in January was very good. And the event itself helped raise understanding of the role the Lord Mayor plays for the UK, highlighted the extent of international engagement he has and identified some ideas for how we deepen that relationship (such as hosting industry policy in Edinburgh not just default to London). [Scottish Enterprise attended The Lord Mayor’s trade mission to Australia and New Zealand]..... feedback was very positive both in helping us understand the market and in positioning the UK and Scotland as location for increased invest from the market. So a positive example of the collaboration internationally and one we can build on as we have sight of the full year’s programme for the Lord Mayor.Hope to see you again before too long either in Scotland or London, and thanks for the role you are playing in building this interaction.’

Andrew Toolan – Acting Head of Business Development MIDAS

‘.....Following on from the last Lord Mayor’s visit to Manchester in August 2017, MIDAS have been encouraged by the additional level of support from The CoLC as part of their broader commitment to working closer with the key regional cities with a strong offer in FPS. Over the past eight months, MIDAS have welcomed the increased engagement from CoLC, in particular their support in arranging a roundtable session with our target audience and inviting us to events that allow us to build links in our network and share our message. In a period which is sure to present certain challenges for the industry and wider economy, MIDAS and our Manchester partners remain committed to working with CoLC to ensure cities like ours and the wider UK retain its position as a world class financial centre that supports jobs, growth and investment. We would like to see this engagement continue and build upon opportunities that serve both our interests. For example, look at how we can work closer with London to position Manchester as a complimentary offer to the capital, both for companies that look to scale -up or Northshore to UK regional centres, rather than offshore functions/jobs. Technology is playing an increasingly important role in the sector and we’d welcome developing further links with London’s Fintech ecosystem that again, could help foster greater collaboration and encourage innovation.

Appendix B

Financial Centre Analysis

Edinburgh (Scotland): 49,805 employed in financial and professional services; International financial centre with a strong presence in banking, life insurance and investment management activities; 26% of GVA

Belfast (Northern Ireland): 17,887 employed in financial and professional services; International centre for business services, legal process outsourcing, financial and accounting outsourcing, fund administration, operations, analytics, and risk management, financial technology; 11.4% of GVA.

TheCityUK City Chair - Leigh Meyer, Managing Director, Citigroup and TheCityUK City Chair for Belfast.

Manchester: 45,530 employed in financial and professional services; International client service centre with a strong focus on banking, legal services, asset and wealth management, consulting and accountancy; 15.2% of GVA

TheCityUK City Chair - Richard Bell, Practice Senior Partner for Deloitte in the North West and TheCityUK City Chair for Greater Manchester.

Birmingham: 49,800 employed in financial and professional services; home to a wealth of international businesses in banking, insurance, Legal and professional services; 11% GVA.

TheCityUK City Chair - Sandra Wallace, Joint Managing Director, Europe and the Middle East and Country Managing Partner, UK, DLA and TheCityUK City Chair for Birmingham

Cardiff: 20,335 employed in financial and professional services; expertise in cards and payments, asset finance, fund administration, mortgage administration, taxation, insurance, shared services and business process outsourcing; 11.5% of GVA

TheCityUK City Chair - Katharine Finn, Regional Leader West and Wales Practice, Bristol Office Senior Partner, PwC and TheCityUK City Chair for Cardiff.

Leeds: 36,855 employed in financial and professional services; major centre for mortgage, corporate and retail finance, insurance, stockbroking and legal. 15.2% of GVA.

TheCityUK City Chair - Chris Hearld, North Region Chairman and Leeds Office Senior Partner, KPMG and TheCityUK City Chair for Leeds.

