

Committee(s): Public Relations & Economic Development Sub-Committee Policy & Resources Committee	Date(s): 10 th September 2019 19 th September 2019
Subject: US campaign	Public
Report of: Damian Nussbaum, Director of Innovation & Growth	For Decision
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Summary

UK and US financial and professional services drive the global economy. Together, they make up over 41% of global financial services exports. Following Brexit, the relationship with the US will become even more important to UK Financial and Professional Services (FPS). Already, the US is the UK's most important trading partner in insurance, and its second largest trading partner in financial services (after the EU). Over time, this trading relationship can become more dynamic. Building on our strong engagement, the Corporation can be at the heart of this acceleration. We will bring an updated, more ambitious and integrated US Strategy to Members in the autumn.

As a first step, we are developing a new cross-Corporation campaign for the US. The focus of the new campaign will be to increase US Venture Capital (VC) investment into the UK; specifically, into UK FinTech businesses to support their scale up ambitions and the ongoing growth of the sector in the UK. The campaign approach will also allow IG to have a stronger impact when supporting both the Lord Mayor and Chair of Policy & Resources. The campaign will be delivered alongside our continued political and regulatory engagement with the USA.

The new campaign and cross-Corporation approach to the US will be visibly manifested in October 2019 in a joint visit of the Chair of Policy & Resources (as the City Corporation lead for regulatory and policy issues) and the Lord Mayor (as the City Corporation lead for trade and investment) to New York where they will jointly host a VC focussed roundtable. This will be followed by a second joint visit in May 2020 (as agreed at the recent MVAC meeting). The Chair of Policy & Resources and Lord Mayor will also continue regular individual visits to the US. We will also utilise the Trade Dinner on 5th September (with a senior VIP from the US in attendance) to engage at a senior level on the concept of the campaign as well as discussing with relevant VC and FinTechs in attendance.

Recommendation

Members are asked to:

- Approve the new IG campaign approach
- Note next steps for US engagement

Main Report

Background

1. The US remains a priority market for the City of London Corporation and following Brexit, the relationship with the US will become even more important to UK Financial and Professional Services (FPS). The UK and the US are each other's single largest foreign investors and more than 1 million US citizens go to work for British firms every day and over a million British citizens are employed by US-based companies in return.
2. Over the last 12 months, the City Corporation has seen an increase in engagement and activity with the US; with a particular focus on opportunities for FinTech.
3. The CPR and LM have made 5 visits to the US in the last 12 months; the Policy Chair has led three policy-focused delegations to Washington and New York and the Lord Mayor has led two FinTech focussed delegations to San Francisco, and Chicago and Atlanta. Other key activity has involved the City Corporation hosting the US Treasury for a business focused roundtable and a market access focussed roundtable for UK FinTech's looking to enter the US.
4. At the same time, the Economic Development Office has transitioned into Innovation & Growth which has seen the department take a new approach to cross-team working and the introduction of campaigns.

Opportunity

5. Continued City Corporation engagement with UK FinTech's has revealed a strong interest in US VC investment. Whilst the US is currently the leading provider of international VC investment into UK FinTech (representing 24.5% of 2018 UK deal volume - according to Innovate Finance, April 2019), there is a clear opportunity to increase this figure and enable more UK firms to access capital. This is ever more important as the UK FinTech sector is expected to double in size by 2030 (according to DIT's State of the Nation report, April 2019).
6. Early conversations with key City Corporation partners such as HMG, Innovate Finance and London & Partners has seen widespread support of the City Corporation focusing in on the specific areas of US VC investment. Key stakeholders see this as an important area of focus to support the growth of the UK's FinTech sector and to enable the UK to benefit more widely from the wide pool of capital available in the US. By increasing the number of US investments into UK business, the City Corporation also hopes to encourage more US VCs to also expand their physical presence in the UK. Partners see the value of the City Corporation's existing network across the US, key relationships with business and government, and ability to convene, as unique attributes and levers to be able to deliver this work. We will also leverage our Partner's expertise for the campaign such as London & Partner's role in tech and Innovate Finance's FinTech connections.

7. The new campaign approach will bring together the work and expertise of multiple Corporation teams, including Trade and Investment, Regulatory Affairs and Research, to build relationships with US VC companies and encourage them to invest in UK FinTech businesses.
8. The campaign will be delivered to leverage existing Corporation activity and use existing assets and tools across teams such as market visits, intelligence sharing and relationship management, as well as the development of a new value proposition that promotes the UK FinTech sector and seeks to help US VC firms overcome any potential UK market entry barriers.
9. The value proposition will be developed following ongoing evidence gathering which will see the City Corporation conduct research interviews with US VCs and UK FinTech's (looking to raise in the US) to further understand potential opportunities and challenges. The City Corporation offer might include: the development of promotional material targeting US VCs that showcases the UK FinTech opportunity, hosting incoming VC delegations in the City, introducing UK FinTech's to US VCs during City Corporation trade delegation visits, convening roundtable discussions on specific market access barriers for VCs looking to come to the UK and the ongoing relationship management of key stakeholders and firms.
10. The campaign will also draw upon the City Corporation's existing strong network of partners such as Innovate Finance, TCUK, Department for International Trade, HMT, London & Partners, the US Embassy, regulators and trade associations, who have already voiced their support for the campaign.
11. The new campaign and cross-Corporation approach to the US will be visibly manifested in October 2019 in a joint visit of the Chair of Policy & Resources and the Lord Mayor to New York where they will jointly host a VC focussed roundtable, amongst other key activity. This will be followed by a second joint visit in May 2020 (as agreed at the recent MVAC meeting). The Chair of Policy & Resources and Lord Mayor will also continue regular individual visits to the USA.
12. The campaign will be developed and delivered alongside our continued political and regulatory engagement with the USA, such as the Policy Chair's role as chair of TheCityUK's Trans-Atlantic trade association coalition, as well as ongoing trade and investment work with the USA. All these aspects will be included in an updated, more ambitious and integrated US Strategy that we will bring to Members in the autumn.

Conclusion

13. The new US campaign will build on the City Corporation's existing engagement with the US, as well as supporting the growth of the UK FinTech sector. The campaign will allow the Corporation to focus in on a specific theme and draw upon the expertise of numerous teams in new collaborative ways, such as joint senior visits to market.

14. Through its relationships across the US and with UK FinTechs, as well as support from HMG and Innovate Finance, the City Corporation is ideally placed to build relationships with US VCs, promote opportunities in UK FinTech and identify and support on any potential market access barriers.

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