

Committee(s):	Date(s):
General Purposes Committee of Aldermen - For Information Policy & Resources Committee – For Decision	5 July 2021 8 July 2021
Subject: Adoption of Competitiveness Strategy	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	5,6, 7, 8
Does this proposal require extra revenue and/or capital spending?	Y
If so, how much?	£120,000
What is the source of Funding?	PIF
Has this Funding Source been agreed with the Chamberlain's Department?	Y
Report of: Director of Innovation & Growth	For Decision
Report author: Damian Nussbaum, Executive Director Innovation & Growth	

Summary

This paper sets out the proposed Competitiveness Strategy. It has been considered by the Innovation and Growth Advisory Board (IGAB) in its June 2021 meeting.

Recommendation(s)

It is recommended that the Policy & Resources Committee:-

1. Adopts a Competitiveness Strategy to guide activity on the agenda for the Corporation between 2021-2025.
2. Confirms the external Membership of the IGAB Board and its Terms of Reference.
3. Notes the development of an Assets under Management Campaign and approve £120,000 from PIF funding to support its activities.

Main Report

Background

1. Sir Simon Fraser first reported on the effectiveness of the City of London Corporation in developing policy and promoting the City in late 2015. In January 2020, Flint completed a light-touch review of the progress made by the City of London Corporation since then. The recent review focused on what more needs to be done to strengthen the Corporation's work linked to policy formation and promotion of the City as a global centre for tech, financial and professional services (FPS). This included an emphasis on internal organisation and procedures bearing in mind the urgency created by swiftly changing world.
2. The Fraser Review concluded that in order to effectively play a unique and impactful part the Corporation needed to deepen its collective clarity of purpose focused on competitiveness. This would only be achieved through:
 - institutional effectiveness,

- strong leadership and governance and
- effective external relationships.

If taken forward at pace, these actions could enhance the Corporation's role in representing the UK FPS industry, including innovative areas of tech and business services, in a fast-moving external environment.

3. On 18 February 2021 the Policy and Resources Committee adopted the recommendations of the Fraser 2.0 report including the development of a strategy, the pursuit of an implementation plan, and the creation of an Advisory Board (IGAB). Members agreed that IGAB would have an advisory role and decision-making responsibility would continue to rest in the senior committee.
4. On 8 April, Policy & Resources approved the Terms of Reference for the Board, confirmed the criteria for Membership and internal appointments as well as an approach to selecting external Membership.
5. IGAB is now operational and has conducted its first meeting with internal Members only on 10 June. The first full Board will take place on 5 July. A copy of its Terms of Reference can be found in Appendix 1.

Proposals

6. At their first meeting on 10 June, IGAB recommended to Policy & Resources the adoption of the Strategy and its 2021-2022 activities as outlined in Appendix 1.
7. The Board also reviewed the proposed Asset Management Campaign (Appendix 2). The campaign is a multi-year approach to increasing UK's global share of assets under management. This is a joint endeavour between the Corporation, the Investment Association and the Department of International Trade (DIT).
8. The UK's asset management industry is the anchor tenant of our financial and professional services ecosystem and creates demand for related FPS, including investment banking, legal, and consulting services. Managing £9.9tn in assets for clients around the world, the industry directly employs 40,000 and indirectly employs an additional 70,000 in the UK. Historically, our depth of AuM has attracted asset management firms from around the world to open UK offices. In turn, this has created demand for talent – a key reason for our ongoing competitiveness. Our depth of talent is the driving force behind product innovation, such as ESG, which is the foundation of future competitiveness.
9. Faster economic growth elsewhere means savings in other jurisdictions are becoming more globally significant than UK savings. In turn, this is attracting firms and talent. Initially, we expect capital will shift and over time other centres may be able to build up a depth of talent and specialisation over the coming decade that would make them the logical choice over the UK. This risks undercutting a key driver of UK competitiveness in portfolio management. European regulators' preference for funds to be managed within the EU poses a threat to capital flight and associated job loss.

10. Extensive engagement with players across the asset management ecosystem the need for promotional campaign for AM. We think this is key. All other major asset management centres are actively engaged in promotion as a key pillar of their growth strategies. The Corporation is uniquely placed to catalyse this promotional campaign and bring DIT and the IA into a joint venture to deliver it and meet short medium and long-term targets.
11. The campaign will require some additional investment beyond the current resources. This will be to develop content and market-specific pitching materials and a FTE project manager. The total cost of that is £120,000 for Y1 which is being sought from PIF funding. Members should also note we are looking to leverage partner resources and additional contributions from our partners and firms in the industry. The PIF funding will be deployed as per the following:
 - a. £30k for a new 0.5 FTE project and partnerships manager
 - b. £40k for marketing agencies to develop our 'why London' and x4 subject specific pitches (ESG, Alternatives, LDI, Fintech)
 - c. £50k for consultancies to conduct in-market research to help us refine market-specific pitches based on identified gaps and market needs.
12. Finally, the Board resolved to recommend the appointment of 8 external Members, who have been selected accordingly to the selection criteria approved by Policy and Resources on 8 April 2021. The six that are ready to be confirmed include:
 - a. Edward Braham, Partner at Freshfields, and Chair of TCUK's International Trade & Investment Group (ITIG)
 - b. Anna Dunn, CFO EMEA, JP Morgan
 - c. Anna Anthony, Partner/Acting Chair of UK Board, UK Managing Partner, EY, Financial Services
 - d. Darragh McCarthy, Founder and CEO, FinTru
 - e. Ruth Wandhofer, Independent NED, Chair of the HMT Payment Systems Regulator Panel
 - f. David Craig, Senior Adviser, London Stock Exchange Group (LSEG) and Former CEO, Refinitiv
13. Additional Members of the Board are being recruited but are not yet ready for external confirmation. The remaining recruits are being selected to achieve balance to include representation from sustainable finance, market infrastructure, alternative investment and asset management.

Options

14. Upon adoption of the strategy the next steps for the implementation of the strategy will be taken forward by officers and presented in regular updates to IGAB and Policy & Resources.

15. Due to the breadth and depth of this Competitiveness agenda and the expertise from within the Membership, there is a need to call upon Members to support the LM and CPR in some undertakings. Much of this will be informal drawing in expertise at crucial moments programmatically, such as with the Asset Management Campaign. However, there are two more regular opportunities on the policy side of the agenda which have come up and require confirmation from Policy and Resources on assignments which can be fulfilled by IGAB Members.
- a. The Corporation holds an Observer seat on the Innovate Finance Board. This has been ably held by Tom Sleight and is now scheduled to rotate. It is proposed that this is covered by Deputy Chris Hayward.
 - b. The Corporation has been invited into a partnership with Bloomberg on its Climate Finance Leadership Initiative (CFLI). This is an initiative focused on mobilising private capital into emerging markets, a key priority for the UK's COP Presidency. The purpose of the group is to remove policy barriers to expedite development, structuring, and financing of green project pipelines as part of the net zero transition. It is proposed that Shravan Joshi represents the Corporation meetings requiring senior level representation.

Key Data

16. A performance framework will be finalised for the strategy following adoption. This will include macro level indicators from the Benchmarking Report as well as program level KPIs. A detailed narrative and specific outcomes by program of work is included in Appendix 1.

Corporate & Strategic Implications

17. The approach outlined supports the commitments set out in the Corporate Plan, 2018-23, and the strategy itself is being designed to impact upon the following outcomes and high-level actions:

Outcome 5: Businesses are trusted and socially and environmentally responsible

- Champion the ease, reliability and cost-effectiveness of doing business here.
- Model new ways of delivering inclusive and sustainable growth.
- Support, celebrate and advocate responsible practices and investments.

Outcome 6: We have the best legal and regulatory framework and access to global markets.

- Promote regulatory confidence founded on the rule of law.
- Influence UK and global policy and regulation and international agreements to protect and grow the UK economy.
- Attract and retain investment and promote exports of goods and services across multiple global markets.

Outcome 7: We are a global hub for innovation in financial and professional services, commerce and culture

- Support organisations in pioneering preparing for a responding to changes in regulations, markets, products and ways of working.

- Promote London for its creative energy and competitive strengths

Outcome 8: We have access to the skills and talent we need.

- Promote the City, London and the UK as attractive places to live, learn, work and visit.
 - Champion access to global talent
 - Identify future skills needs shortages and saturations
18. No legal, security, financial, implications arise from the recommendations in this report. Activities to support the implementation of the strategy will be met from existing budgets and resources. The exception to that is the contribution to the Asset Management campaign being sought from PIF as above.
19. The activities described in the strategy mutually reinforce the Climate Action Strategy; particularly the tenet of the championing sustainable growth.

Financial Implications

20. It is proposed that the funding request of £120,000 to develop assets under a management campaign and support its activities be met from the 2021/22 Policy Initiative Fund, categorised as 'Promoting the City' and charged to City's Cash. The current uncommitted balance in the 2021/22 Policy Initiative Fund is £420,807 prior to any allowances being made for any other proposals on today's agenda.

Conclusion

21. It is within the Corporation's core purpose to steward the UK's financial centre and financial, FPS-tech and professional services sectors through current and future challenges and opportunities. Adopting and implementing the Competitiveness Strategy will facilitate the fulfilment of this important role.

Appendices

1. 2021-2025 Competitiveness Strategy
2. 2021 Assets under Management Campaign
3. June 2021 IGAB Public Summary of Minutes

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