

Data received from the Director of Innovation and Growth - how the department tracks performance and the health of the UK's business environment for FPS and technology sectors. This information is considered when assessing the current risk score of corporate risk CR02 – Loss of business support for the City.

All of IG's strategic priorities and work programmes aim to strengthen the business environment for financial and professional services (FPS) and tech businesses in the City and across the UK.

- The domestic and global context in which the UK's FPS and tech sector operates is changing rapidly and significantly. These developments present an unprecedented opportunity for the industry. Yet there are also a set of challenges and threats to its historical strengths, as identified by risk CR02 'Loss of Business Support for the City'
- Unlike other risks in the risk register this is a risk IG cannot directly control. To monitor whether IG is being effective in managing risk CR02, we monitor the health of the UK's business environment for FPS and tech
- IG's priorities as stated in the departmental business plan are those identified in the creation of the Competitiveness Strategy and aim to strengthen the FPS and tech business environment: (1) Nurturing an innovative ecosystem, (2) attract and retain firms' talent capital and export proposition, (3) retain a world-class business environment

In alignment with partners and research, IG's new performance framework includes macro-level economic indicators. These indicators help to assess the health of the UK's FPS business environment. Over time, we are looking for positive trends in these KPIs.

- To track whether IG is successful in meeting these objectives we have developed a performance framework for the 2022-23 business plan through which we are looking for positive trends in the business plan's main KPIs (as listed below) over time
- These key metrics make comparisons with other international financial centres such as the US, France, Singapore possible and allow IG to identify developments and trends
- The metrics align with IG's [benchmarking research](#), partner organisation metrics such as TheCityUK's, and will inform HMT's State of the City report indicators

IG's benchmarking research provides an even greater number of business environment health indicators. The research identifies areas of relative weakness/risk and enables IG to respond to changing needs such as those caused or made more important by the pandemic.

- IG's benchmarking research in particular provides an even greater number of business environment health indicators – 89 unique metrics in total across five key competitiveness criteria: Innovative ecosystem (tech, sustainable finance), reach of financial activity, resilient business infrastructure (physical & digital connectivity, operational & cyber resilience), access to talent and skills (skills levels, international talent, quality of life), enabling legal & regulatory environment (regulatory stability & innovation, tax, market access)

- This research further enables IG to respond to changing needs such as those caused or made more important by COVID. Examples are international arrivals at London's airports or internet connectivity
- The research provides data-backed evidence on where exactly London and the UK's strengths lie, where weaknesses and risks are, and how the UK performs in relation to other major centres

IG's team plan objectives as well as work programmes and projects – currently under development for FY 2022/23 – cascade down from the department's strategic priorities. They will have targeted programme-level KPIs and work towards IG's macro-level KPIs where possible.

- IG's department-wide and team objectives as well as work programmes cascade down from the department's three priorities and thus all aim to strengthen the business environment for the UK's FPS and tech sector. The performance of individual work programmes and progress towards team objectives is measured against programme-level KPIs and targets
- In addition, IG is constantly looking for new data sources and securing access to providers such as Refinitiv. This will enhance our capabilities to track new areas of interest such as market activity in sustainable finance

IG business plan FY 2022/23:

IG business plan priority + objectives (FY 2022/23)	KPIs	Current performance at time of business plan development (2020 or latest data available)	Desired future direction of travel	Notes
<p>1. Nurturing an Innovative Ecosystem</p> <ul style="list-style-type: none"> Integrate technology across UK FPS Support tech to scale Greater availability of green and impact finance and services from the UK <p>2. Attract and Retain Firms' Talent Capital and Export Proposition</p> <ul style="list-style-type: none"> Increase UK share of global AUM Drive cross UK growth for Tech Increase inclusion in the FPS and tech sector 	<p>1/2 Mobilisation of green and impact finance from the UK</p>	<p>Sustainable Loans: £21.5bn; 12% growth YOY</p> <p>Size of Green Funds: £21bn; 116% growth YOY</p> <p>Issuance of Green and Sustainable Bonds: \$12bn; 52% growth YOY</p>	<p>Positive trajectory in relation with other centres</p>	<p>Source: Refinitiv</p>
	<p>1/2 Global share of AUM</p>	<p>7.2%</p> <p>18.6% increase YOY. Global average growth was 14.5%</p>	<p>Rate of UK growth higher than rate of global growth</p>	<p>Source: Willis Towers Watson</p>
	<p>1/2 Drive investment levels in tech, with particular focus on fintech, at all stages</p>	<p>FinTech: \$5.9bn</p> <p>89% decrease on previous year, every other centre down, e.g. US 31% down. In first half of 2021 has picked up to \$24.5bn.</p>	<p>10% annual increase</p>	<p>Source: KPMG/PitchBook</p>
<p>3. Retain a World-Class Business Environment</p> <ul style="list-style-type: none"> Increase access to talent Strengthen international competitiveness of UK FPS policy and regulation Protect and increase access to key jurisdictions with a 	<p>3 Access to international talent</p>	<p>4/7 position of other IFCs</p> <p>11% increase from previous year, UK has biggest increase of peer IFCs</p>	<p>UK increases faster than peer IFCs</p>	<p>Source: IMD</p>
	<p>3 Global recognition of FPS regulatory regime</p>	<p>1 in rank</p>	<p>Retain No 1 Position</p>	<p>Source: Duff & Phelps</p>

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particular focus on digital trade				
	ALL Annual benchmarking composite score	1 in rank 61/100; 58/100 in previous year	Retain No 1 Position	Relative year-on-year score change has been calculated using revised figures. theglobalcity.uk/competitiveness

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IG business plan FY 2021/22 – for comparison:

IG business plan objective (FY 2021/22)		KPIs	Direction of travel (2015-2019 unless stated otherwise)	Performance when business plan was developed (2020 or latest data available)	IG target	Current performance (2021 unless stated otherwise)	Notes
1	UK growth of AUM is greater than global growth	Growth of UK AUM compared to global AUM	+9.4% (UK) vs +36.1% (global)	2018-2019: +4.6% (UK) vs +14.1% (global)	UK growth higher than global growth	2019-2020: +19% (UK) vs +14.5% (global)	Measured by domicile of asset manager. Source: Willis Towers Watson
2	Enhanced UK position as a leader in FPS technology and innovation	FPS tech investment	2016-2019: +3798% (UK) vs e.g. +130% (US)	2019: \$56.1bn	10% increase	2020: \$5.9bn	Fintech investment across all stages. 2020 figures reflect significant COVID-related drop in investment. See business plan FY2022/23 KPI notes. Source: KPMG/PitchBook
4	Greater access to talent to ensure FPS is innovative and competitive	Available skills in workforce	2016-2019: -0.32 (UK) vs e.g. -0.29 (US)	2019: 5.52	Maintain or improve position	2020: 6.03	Executive survey: "Skilled labour is readily available" 0 = not at all, 10 = to a great extent Source: WEF
5	London and the UK is positioned as a world-leading centre for FPS	UK composite score under our benchmarking study across 91 metrics	n/a – first edition published in 2020	Rank: 1 Score: 62	Retain top position	Rank: 1 Score: 61	Due to methodological changes 2020 and 2021's scores cannot be compared. See business plan FY2022/23 KPIs. Full report available at: theglobalcity.uk/competitiveness
6	The UK's regulatory and legal regime for the industry is globally leading, open and agile	Positive trajectory of World Bank Regulatory Quality survey	-0.21 (UK) vs e.g. +0.09 (US)	2019: 1.63	Positive trajectory with a minimum score of 1.75	2020: 1.48	"Perceptions of the ability of the government to formulate and implement sound policies and regulations that permit and promote private sector development" on a scale of -2.5 (worst) to 2.5 (best). Source: World Bank

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7	Retain and/or enhance FPS market access with key jurisdictions	Costs of regulatory barriers to FPS trade	-1.73 (UK) vs e.g. +1.53 (US)	2019: 72.6% (MFN) 7.3% (EEA)	Maintain or lower costs	n/a	Average policy-induced services trade costs in % of total FS, business services, and insurance trade value. No new data was published in 2021. Source: OECD
8	Retention and growth of inward investment from key markets and improved export position	Increase FS FDI by 10%	2016-2019: +14% (UK) vs e.g. +15% (US)	2019: \$553bn	Positive trajectory relative to other financial centres	tbc	Stock/positions. No new data was published in 2021. Source: OECD