

Committee(s): Policy and Resources Committee – For decision	Dated: 04/10/2022
Subject: Financial Services Skills Commission	Public
Which outcomes in the City Corporation’s Corporate Plan does this proposal aim to impact directly?	8
Does this proposal require extra revenue and/or capital spending?	N
If so, how much?	£95k (max) per year for three years
What is the source of Funding?	Section 106 ringfenced funding
Has this Funding Source been agreed with the Chamberlain’s Department?	Y
Report of: Executive Director of Innovation and Growth	For Decision
Report author: Sophie Hulm, Innovation and Growth	

Summary

The Financial Services Skills Commission launched in 2020, in partnership with TheCityUK and the City Corporation. It aims to increase the supply of talent, with the required skills, to the UK’s financial services sector. It is the output of the Government sponsored Financial Services Skills Taskforce. In May 2020, the Court of Common Council and your Committee agreed the City Corporation’s position as a Permanent Founding Member (along with TheCityUK) and a seat on the Commission’s Board. The Board recently approved an extension to the Commission’s original three-year lifespan (from April 2023). Since launch, The City Corporation has provided a membership fee (£20k pa) as well as seconding its Head of Skills Policy Claire Tunley as CEO of the Commission.

Members are asked to confirm the City Corporation’s continued support of the Financial Services Skills Commission for a further three years. This would be funded by section 106 moneys which can only be used for skills work.

Recommendation(s)

Members are asked to:

Approve the release of planning obligation funds, ringfenced for skills work, to provide an ongoing membership contribution (£20k pa) for three years (2023/24-2025/26) and delegate authority to the Town Clerk to decide the exact nature of additional support (capped at £75k pa) over the coming three years (2023/24-2025/26) beyond the membership fee.

Main Report

Background

1. The Financial Services Skills Taskforce was announced by the Chancellor in his Mansion House speech in June 2018. It was established to look at the current and future skills needs of the UK's financial services sector, in response to unprecedented technological change and disruption.
2. The taskforce was chaired by Mark Hoban and led by TheCityUK, with support from the City Corporation. Its recommendations included the need for financial services firms to collaborate on skills. The Financial Services Skills Commission was created in 2020 to facilitate this. The Commission now has 36 paying members across UK financial services, and has in the past two years delivered:
 - A common skills framework for the sector, identifying priority skills where firms are facing acute shortages
 - A business case for reskilling, identifying the cost savings that firms can make from investing in reskilling employees
 - A practical guide to measuring inclusion, a key part of fostering a positive working culture.
 - Research into the skills challenges across the UK's regions and nations, delivering in partnership with the Professional Business Services Council and the City Corporation.
 - Research into the impact of the menopause on women's participation in work.
3. As agreed by the Court of Common Council (May 2020) and your Committee, the City Corporation is one of two Permanent Founding Members, along with TheCityUK. This involves your Chairman representing the City Corporation on the Board of the Commission, access to all the work of the Commission, an annual membership subscription of £20k (in line with other members) and secondment of the City Corporation's Head of Skills to the Commission as their CEO.

Current Position

4. In March 2022, The Commission's Board approved an extension to the Commission's original three-year lifespan, beyond March 2023. This decision was informed by an independent effectiveness review. Over the coming months, the Board will decide whether the life of the Commission should continue for two years or three years.
5. Support from industry is strong, NatWest, Zurich, Lloyds Bank, Standard Chartered Bank, Direct Line Group, Phoenix Group, HSBC, Barclays, Nationwide, London Stock Exchange Group, Financial Services Compensation Scheme, Capital One, Danske Bank, PWC & EY are represented on the board.

Proposals

6. The City Corporation is an agreed permanent member of the Commission. As the Commission's life has been extended, beyond its originally planned three years, Officers propose that the City Corporation extends its support for a further three years. As referenced in paragraph 4, if the Board decide to extend for two years rather than three, City Corporation support would only be required for two years.
7. The Commission's work closely aligns with the City Corporation's skills priorities and Competitiveness Strategy. Our involvement has enhanced our impact and leadership on skills. With established expertise via the skills teams in IG and DCCS, we are also able contribute to the success of the Commission, as well as benefit from its work.
8. Support for the skills body is proposed as:
 - a) Membership of the body - £20k per year for three years.
 - b) Contributing expertise to workstreams, drawing on our experience and leading practice on employability, skills, education and training.
 - c) Financial support, matched by TheCityUK, to support core costs, specific projects, workstreams or research e.g. on ESG skills – capped at £75k per year for up to three years. This would replace the existing CEO secondment arrangement.
9. This proposal represents a 14% reduction from the previous three years of support. Resourcing of the City Corporation's support can be met from Section 106 funding, ringfenced for skills work (see Appendix 1).
10. As the Commission's exact business plan for 2023 onwards is still under development, we are unable to specify the exact nature of this support. Therefore, Members are asked to delegate responsibility for final agreement to the Town Clerk.

Corporate & Strategic Implications

Financial Implications

12. The 2022/23 opening balance of Section 106 receipts is £1.2m. Officers are confident that this balance will increase by a further £1.23m this year. This income is expected to come from City developments that have already commenced (planning permission granted and works started). Our planning policies restrict the use of these funds to investment in skills, training and job brokerage.
13. In October 2021 your Committee agreed the release of £1.23m of Section 106 funds ringfenced for skills work in 2022/23 – 2024/25. Funding to support the Commission for a further three years is on top of this allocation. The existing £1.23m allocation primarily covers three years of staff salaries, to deliver the Skills

for a Sustainable Skyline Taskforce, chaired by your Committee Chairman, and a Government commissioned taskforce to boost socio-economic diversity. No additional costs will be incurred to Corporation budgets.

Strategic Implications

14. The proposal in this report aligns to the “Supporting a thriving economy” pillar of the Corporate Plan. By focusing on inclusion and growth through talent and skills development, it also supports “Businesses are trusted and socially and environmentally responsible”. It also aligns with the “World Class Business Environment” objective in the Competitiveness Strategy.
15. Investment in skills and training is supported by the adopted City of London Local Plan and the emerging draft City Plan 2036, providing a framework for further developer contributions.

Resource Implications

16. Innovation and Growth’s Skills Policy team is focused on two significant projects, a taskforce to boost socio-economic diversity and a taskforce to boost green skills in the commercial built environment. Terminating our partnership with the Commission could result in resource implications, as the team would need to respond to financial services related skills policy issues, as opposed to forwarding to the Commission.

Equalities Implications

17. Positive. The Commission has a work strand on diversity and inclusion.

Climate Implications

18. Positive. The Commission is exploring a work strand on ESG skills.

Risk Implications

19. Reputational risk of not continuing the partnership, given strong industry support. In 2020, your committee committed, alongside TheCityUK, to being a Permanent Founding Member.

Legal Implications

20. Our planning policies restrict the use of these funds to investment in skills, training and job brokerage.

Conclusion

21. This proposal relates to allocation of Section 106 receipts that are already earmarked for employability, skills and training. Committee approval would

enable the City Corporation to play a central part in work to support skills in the financial services sector.

Appendices

Appendix 1

- Section 106 Skills Funding

Appendix 2

- Financial Services Skills Commission impact / outputs

Background Papers

Report to Court of Common Council “Report – Policy & Resources Committee.
Report of Urgent Action Taken: Financial Services Skills Commission” (May 2020)

Report to Policy & Resources Committee “Future Skills and Talent - Strengthening
IG support for City Competitiveness” (Oct 2021)

Non-Public report to Policy & Resources Committee “Financial Services Skills
Taskforce” (Nov 2019)

Sophie Hulm

Head of Skills Policy, Innovation and Growth

T: 07834 384 968

E: sophie.hulm@cityoflondon.gov.uk

Appendix 1

Section 106 Skills Funding

Skills work is resourced via Planning obligations (often called section 106 agreements) funds that are ringfenced for skills work. On 14th October 2021, your committee approved the release of three years of section 106 funding to support Innovation and Growth work on skills, in support of the corporate plan. Members are asked to approve an additional allocation (maximum of £95k per year for three years), to enable City Corporation support for the Commission. Members are asked to delegate authority so that the specific nature of this support will be agreed in discussion with the Town Clerk.

As at 01 April 2022, the available Section 106 monies totalled £1,202,945.51. This balance is expected to increase in line with City developments. Any contribution for the Commission will come from these available funds, ringfenced for skills. We are not seeking additional resources outside of these available funds.

In line with City Corporation's Supplementary Planning Document, this funding enables the City Corporation to "*work with partners and neighbouring boroughs to promote employability, provide jobs and growth and deliver a diverse and inclusive workforce.*" Reporting on the impact of the Commission will be through the City Corporation's Annual Monitoring Report.

Appendix 2

Financial Services Skills Commission impact / outputs

Practical insights to support ambitions:

- **Future Skills Framework** – identifies the priority skills that members have acute shortages or growing demand. It provides a consistent set of definitions and proficiency levels for these skills. Nearly 2/3 of member firms have adopted or are planning to adopt the framework this year.
- **Reskilling business case** – provides evidence of the cost savings financial services firms can benefit from when they reskill an employee; versus hiring someone new with the relevant skills. This content is being used by 70% of member firms to inform discussions and plans around reskilling.
- **Inclusion Measurement Guide** – supports firms to measure inclusion across three priority areas based on a maturity model, allowing firms to develop their approach. Since the guide was launched 100% of members are measuring inclusion.

Research and insights into issues affecting the supply of talent and skills gaps:

- **Skills for Future Success** - examined the regional and national aspects of skills and is forming part of the conversation in a series of regional roundtables we are holding in the summer and autumn.

- **Staying ahead in a changing world** - identified the skills that leaders need a varied set of skills including understanding ESG, tech transformation as well as an inclusive style of leadership.
- **Menopause in the workplace** – identified that 25% of women more likely to leave the financial services workforce due to menopause experience and provided practical actions that firms can undertake to support women with menopause transition.
- **Inclusion in financial services** - We partnered with the Financial Services Culture Board (FSCB) to undertake a widespread survey of inclusion in the sector, identifying workforce views on topics such as stereotyping, belonging and fear of speaking up.

The impact of the work is starting to become apparent:

- 82% of firms identify and forecast future skills, an increase since 2020
- 73% of firms track the impact of learning and the impact is most evident in terms of staff engagement and satisfaction.
- All firms are now measuring inclusion compared to 83% in 2020, some members have seen an increase in visits to the recruitment pages of their website coinciding with positive action on D&I.
- Our work has received support from key stakeholders including HM Treasury, FCA, and industry bodies, such as UK Finance, ABI and CIPD.