

## Innovation & Growth

Innovation and Growth (IG) works to **strengthen the UK's financial and professional services (FPS) competitiveness** to create jobs and growth right across the UK. Additionally, in the Square Mile, we're focussed on **increasing footfall and bringing visitor spend** back to pre-pandemic levels. Our Climate Action vision is to deliver the **Corporation's transition to net zero and climate resilience**.

## Our aims and objectives are...

Our aim is to reinforce the UK's position as the world's leading global hub for **financial and professional services (FPS)**. We do this with colleagues across the Corporation by cultivating strong relationships with key stakeholders to deliver strategic outcomes.

On **Destination**, we aim to power the Square Mile's recovery; creating a seven-day-a-week leisure destination for UK and international visitors, workers, and residents to enjoy.

On **Climate Action**, by 2040 we aim to become net zero carbon emissions across our full value chain; support the achievement of net zero for the Square Mile; and increase environmental resilience in the Square Mile.

## What's changed since last year...

- **Competitiveness Strategy** continues to drive the work across the Corporation to strengthen and promote the UK's FPS sector.
  - **Net Zero Delivery Summit:** inaugural summit inter alia featured John Kerry and Mark Carney, and established NZDS brand as the key milestone for global FPS leaders in between COPs. Collaboration with COP27 Presidency confirmed for 2023.
  - **Impact Investing Summit:** elevated the importance of the 'S' in Environmental, Social, Governance (ESG) and saw launch of just transition financing challenge.
  - New annual **UK/US dialogue established** as part of landmark tech partnership. Significant progress towards a data adequacy agreement.
  - Cross-party **support for competitiveness objective for UK regulators** as set out in Financial Services and Markets Bill.
  - Drove the multi-year campaign to increase the **UK's Assets under Management from £11trn to £20trn** by 2025.
  - Established **Centre for Finance, Innovation and Technology (CFIT)** and confirmed the appointment of a Chair and CEO.
  - Asked by FCA to develop a voluntary code of conduct for **ESG ratings** and rating provider.
  - 1<sup>st</sup> **State of the Sector** report was published in July in partnership with HMT, providing a robust evidence-based assessment of the competitiveness of UK financial services.
  - 3<sup>rd</sup> **Benchmarking review**, assessing the UK's competitiveness alongside global comparators
  - Delivered the Golden Key launch event for **Destination City**, attracting over 30,000 attendees. Appointed the Destination City team, following a challenging TOM transition. Delivered the Implementation Plan, setting out improvements in the City's attractiveness and performance.
  - **Climate Action:** reduced Scopes 1 and 2 emissions from buildings and other activities we have the greatest control over by 31% of 36.5kt CO<sub>2</sub>e (target of 33%).
- In 2022/23, the UK's economic cycle shifted and IG recognises the need to support a resilient recovery.*

## Our major workstreams this year will be...

### FINANCIAL AND PROFESSIONAL SERVICES

- **OPEN & GLOBAL.** Open economies are trusted, secure and will gain competitive advantage. We want to be.
  - Global with unparalleled global reach to talent, capital and export capacity.
  - Open with strengthened UK policy and regulation that supports a friction-free trade experience.
- **INNOVATIVE IN FPS TECHNOLOGY.** UK FPS needs to futureproof its offer for tomorrow's global customer base.
  - Keep the UK's FPS at the forefront of tech adoption and innovation.
  - Ensure that UK FPS – and our financial system – is recognised as Globally Leading in Tech.
  - Access the right combination of skills, innovation, infrastructure, and investment.
- **SUSTAINABLE.** The global market needs better transparency, comparability, and credibility in the sustainable finance agenda.
  - Be the partner of choice for capital and expertise on green and social impact finance.
  - Position the UK as a one-stop shop; the go-to partner for countries and companies.
  - Look for capital and expertise, to help countries, cities and companies meet sustainability goals.

### DESTINATION CITY

- **WELCOME, WAYFINDING & WOW FACTOR.** Delivering a transformation underpinned by sustainable, inclusive & innovative ideas & commercial partnerships.
  - **Launch** a consumer facing brand identity and website for the City. Develop a Destination marketing and media programme.
  - **Elevate the Welcome** through district animation and exceptional customer service. Champion the City's accessibility through new travel and tourism partnerships.
  - **Improve Wayfinding** by developing digital navigation and testing artistic signage and sound scape.
  - **Enliven the Wow Factor** through seasonal events / activations and enhancing the leisure, retail and hospitality offer.

### CLIMATE ACTION

- **TRANSITION TO NET ZERO AND RESILIENCE.** The Corporation has adopted a radical Climate Action Strategy which breaks new ground and sets out how the organisation will deliver over the next two decades.
  - Support the achievement of net zero emissions
  - Build climate resilience.
  - Champion sustainable growth.

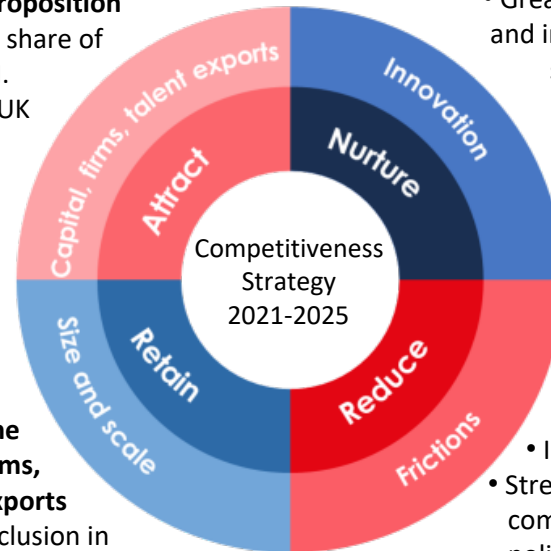
## Our strategic commitments

### Strategy 1. Attract and Retain Firms' Talent Capital and Export Proposition

- Increase UK share of global AUM.
- Drive cross UK growth for Tech

### Strategy 2. Nurturing an Innovative Ecosystem

- Greater availability of green and impact finance, and services from the UK.
- Integrate tech across UK FPS.
- Support tech to scale.



### Strategy 3. Retain volume of capital, firms, talent and exports

- Increase inclusion in FPS.

### Strategy 4. Retain a World-Class Business Environment

- Increase access to talent.
- Strengthen international competitiveness of UK FPS policy and regulation.
- Protect and increase access to key jurisdictions with a particular focus on digital trade.

### Strategy 5. Destination City

- Develop a brand identity and website that champions our leisure credentials and encourages visitation.
- Develop a new insights programme to provide robust data and better measurement, to inform strategic planning and performance evaluation.
- Develop a wayfinding app to improve navigation and increase dwell time.
- Enhance the visitor experience and offering to attract new audiences and drive sustained economic growth.
- Develop a commercial strategy to attract future sponsorship that enhances our reputation and delivery.

### Strategy 6. Climate Action

- Improve energy efficiency by retrofitting our buildings and maximising the use of renewable energy.
- Embed circular economy principles into our building projects and reducing the carbon intensity of materials and design approaches.
- Enhance carbon removal in our green spaces.
- Protect natural resources and integrate climate considerations into all our decisions.
- Derived from the Corporation's Climate Action Strategy 2020-2007

*IG is committed to working with the five teams across the Corporation, working together on Competitiveness to implement Fraser recommendations.*

## Key Performance Indicators

#	KPI (and link to strategic commitments)	Current Performance (2022/23)	Direction of Travel /Target
1	All. Annual Benchmarking Score Composite (Drawn from 95 indicators)	1 in rank. TBC/100 in 2023; 61st/100 in 2022 <a href="#">Benchmarking Dashboard</a>	Retain No 1 Position
2	1,2. Mobilisation of green and impact finance from the UK (Refinitiv, IA, Climate Bonds Initiative)	Sustainable Loans: £50.5bn GBP; 105% growth from previous. Size of Responsible Funds: £86bn in Q3 2022; 61% growth in 2021. UK issued £26bn in Green bonds in 2021 and £2.6bn in H1 2022.	Sustainable finance market share increasing faster than other financial centres.  UK continues as a global leader in Green financing.
3	1,2.Global share of AUM (Willis Towers Watson, 2021)	UK asset management industry AUM was £10tn in 2021, 6% increase year-on-year. UK remains largest asset management centre outside of US.	Maintain position as 2nd largest asset management centre in the world.
4	1,2. Drive Investment Levels in Tech, with focus on FinTech, at all stages (Pitchbook)	FinTech: Average annual investment of \$29bn (+\$2bn year-on-year) in past five years, second only to NYC (\$69bn and +\$2bn year-on-year).	Investment grows faster than other IFCs.
5	4. Access to International Talent (Institute for Management Development: yearly)	Overall rank of 21/64 for competitiveness for overseas talent (+2 from 2020-21) and 16/64 for 'Appeal' (+4 from 2020-21)  5/7 position of other IFCs	UK increases rank amongst competitor IFCs
6	4. Global recognition of FPS Regulatory Regime (Duff & Phelps)	1 in rank. 31% of respondents say UK is world's favoured regulatory regime	Retain No 1 Position
7	5. Number of visits & visitor spend (Economic Impact of Tourism 2018. and Independent Review 2020.)	7.8m in 2021 (-68% on 2019) £0.7bn spend in 2021 (- 64% on 2019)	Increase visitor numbers from 21m in 2019 to 22m in 2025; and visitor spend from £2.1bn to £2.25bn over the same period.
8	6. Reduction in kilo tonne of carbon dioxide equivalent.	Net emissions of 20.2, 9.1, 9.1 ktCO <sub>2</sub> e in 18/19, 20/21, 21/22.  <a href="#">CAS Dashboard</a>	Decreasing emissions over 3 years. Target net-zero



## Our People

### 2022 Staff Engagement score

- FPS 54% (+2 vs COL)
- DC 33% (-18 vs COL, survey coincided with TOM)

### Plans to increase staff engagement

#### Career and L&D

- Signposting L&D and career support offers.
- Increased training budget.
- Developing IG's L&D offer.

#### Change management

- Improving IG's change management through better comms and improved PM.

#### Working with enabling services

- Working with enabling services (e.g. on recruitment and procurement) to agree on interim solutions to key operational challenges.

### IG FTEs (excl. hosted partners)



### ED&I assessment score (2021/22)

Monitoring and use of data and information	1/3
Completing Equality Analysis (EQIA) and tackling discrimination and barriers to inclusion	2/4
Target setting and mainstreaming equalities into performance systems	2/2
Using procurement and commissioning to achieve equality and cohesion targets	1/1
Engagement & partnership	3/4
Employment and training	2/4

IG scores are lower due to multiple targets being not applicable to our department, N/A questions have been removed from total scoring.

## The Corporate Plan outcomes we have a direct impact on are...

- 5 - Businesses are trusted and socially and environmentally responsible.
- 6 - We have the world's best legal and regulatory framework and access to global markets.
- 7 - We are a global hub for innovation in financial and professional services, commerce and culture.
- 8 - We have access to the skills and talent we need.
- 9 - We are digitally and physically well-connected and responsive.
- 10 - We inspire enterprise, excellence, creativity and collaboration.
- 11 - We have clean air, land and water and a thriving and sustainable natural environment.

## Some of our delivery partners



## Key Corporate Risks

Likelihood	Impact			
	Minor	Serious	Major	Extreme
Likely	0	0	0	0
Possible	0	0	2	0
Unlikely	0	0	0	0
Rare	0	0	0	0

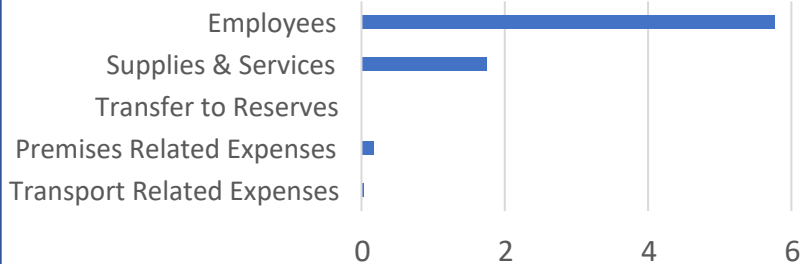
Risk Title	Score
CR02 - Loss of Business Support for the City.	12
CR30 - Insufficient resources and prioritisation allocated to Climate Action.	12
IG-DC-01 - Major Incident at a programme (e.g. terrorist, vandalism, economic incident).	12

## Financial and Professional Services

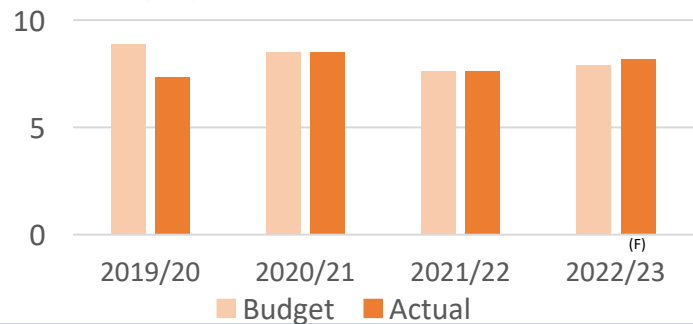
Where our money comes from (£m)



Where our money is spent (£m)

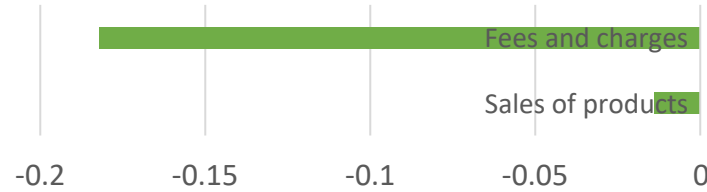


Budget vs Actual (£m)

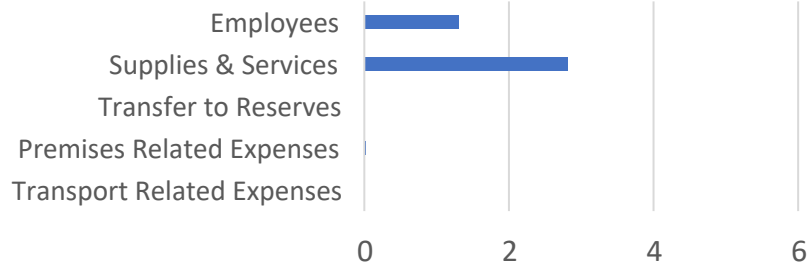


## Destination City

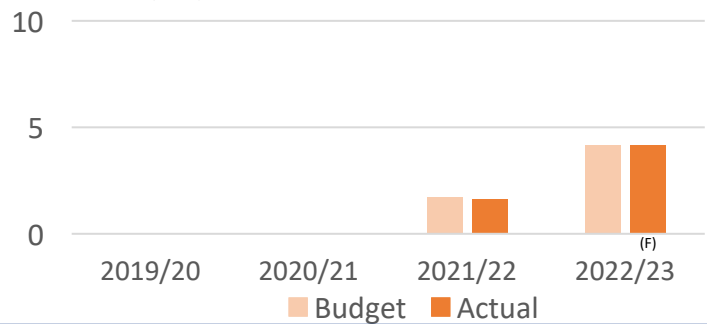
Where our money comes from (£m)



Where our money is spent (£m)



Budget vs Actual (£m)



### Climate Action budget

Climate Action budgets are ringfenced and held centrally. The total budget for the Climate Action Programme is £68m over the period of 2021-27 FY.

To date Climate Action has spent £3.97m on initiatives to decrease carbon emissions and increase carbon removals.

### Operational Property requirements

IG has the following operational property assets

- 54 desks on West Wing 1
- 8 desks in the mezzanine and meeting rooms

The mezzanine space has been requested for use by Members, and IG will move once alternative space is available. IG pre-vacated 4 rooms in the mezzanine, which has added to current pressures as we await alternative space.

IG has a 4:10 ratio of desk:staff. This is below the pinch point, and much less than most other departments. If all IG staff (including hosted partners) had to use the 1st floor west wing, the net internal area would be to 3.7sqm per person – which is very low. Average range around departments is 7 to 10sqm. IG is having to ask staff to work from home who'd like to come in to work, which is not sustainable. Much of our work requires collaboration within and across teams and a solution that enables this is required.