

Committee(s): Policy and Resources – For Information	Dated: 16/01/2025
Communications & Corporate Affairs Sub Committee – For Information	05/02/2025
Subject: Support for UK-based Financial and Professional Service - Innovation and Growth Quarterly Report	Public report: For Information
This proposal: <ul style="list-style-type: none"> • delivers Corporate Plan 2024-29 outcomes 	Dynamic Economic Growth
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain’s Department?	N/A
Report of: Executive Director for Innovation and Growth	Damian Nussbaum
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Summary

This report presents the impact of the City of London Corporation’s (CoLC) work in support of UK-based Financial and Professional Services between October 2024 and January 2025. It gives Members of the Committee visibility of the outcomes of workstreams in the last quarter in the Innovation and Growth (IG) Department, working in close collaboration with Corporate Affairs, Media, the Remembrancer’s Office, the Office of the Policy Chairman and Mansion House.

This paper also includes the annual update on Innovation and Growth’s Overseas Offices for the 2024 calendar year (see Appendix 1).

Recommendation(s)

Members are asked to:

- Note the update on key pieces of work that have taken place between October 2024 and January 2025, and their outputs.
- Note the update on the work that has taken place in IG’s overseas offices in the 2024 calendar year.

Main Report

Background

1. CoLC, through IG working closely with Corporate Affairs, Media, the Remembrancer's Office, the Office of the Policy Chairman and Mansion House, works to strengthen the UK's financial and professional services (FPS) creating jobs and growth right across the UK. Our programmes in this area support the Corporate Plan 24-29 objective to deliver Dynamic Economic Growth, the recommendations in the Corporation's Vision for Economic Growth Report and are aligned to the Corporation's Competitiveness Strategy 2021-25.
2. As previously agreed by Policy and Resources Committee (P&R), IG will provide quarterly updates on key pieces of work. This report updates Members on the period between October 2024 – January 2025.
3. As part of Innovation and Growth's work, the Department operate a number of overseas offices and has expanded its overseas presence throughout the last decades in order to provide in-market intelligence, expertise and facilitate our work to promote the Financial and Professional Services Sector in line with the objectives of our competitiveness strategy in the following locations:
 - Belgium: Brussels
 - China: Beijing and Shanghai
 - India: Mumbai
 - United States of America (US)
4. For further background please see the previous overseas offices report provided to the Policy and Resources on 14 December 2023.
5. The annual Overseas Offices update for the 2024 calendar year is attached for Member's information at [Appendix 1](#).

Current Position

6. CoLC has carried out a wide range of activity between October 2024 – January 2025, across the key areas of our 2024/2025 business plan. Updates on key initiatives and workstreams are provided from paragraphs 10 to 23.
7. These support the objectives laid out in the IG Business Plan. They are:
 - Open & Global – ensuring that UK is a global gateway for FPS business.
 - Sustainable Finance – positioning the UK as a one-stop shop; the go-to partner for countries and companies, looking for capital and expertise, to help them meet their sustainability goals.
 - Innovation in technology – ensuring that UK FPS and our financial system is recognised as globally leading in technology.

8. Furthermore, IG's work in this area drives into three key policy outcomes:
 - Raising investment levels to create jobs.
 - Become a hub for sustainable finance.
 - Secure growth through a digital economy.
9. IG's macro-economic outcomes are measured through the KPIs in the departmental annual business plan (please see listed background paper). These macro-economic KPIs are measured and reported on an annual basis through the benchmarking report published in January each year.

Open and global

10. In line with the CoLC's Vision for Economic Growth report and roadmap, The Prime Minister announced a new Industrial Strategy last October, at the International Investment Summit, hosted at Guildhall. Financial and Professional Services (FPS) are two of the eight growth sectors identified. This is something the Corporation has consistently called for and represents [a significant policy shift](#) (see [Appendix 2 – Vision for Economic Growth – One year on](#)).
11. The [State of the sector 2024](#) report was launched at the FPS Dinner at Mansion House in November 2024. The annual publication reviews the past year in financial services. It uses a wide range of metrics and industry engagement to analyse the UK's position in financial services. It highlights the industry's many successes, but also reveals opportunities to boost growth and improve international competitiveness.
12. [Expanding into the UK: a guide for international financial services firms](#) was launched as part of the Attract and Retain Campaign in November. The report is designed to address perception barriers and offer a resource to help international businesses navigate the UK regulatory regime. The guide demonstrates what steps firms must take to establish themselves in the UK market. Importantly it supports the narrative for UK financial services regulation and presents a clear pathway for international firms looking to establish a presence in the Square Mile.
13. The inaugural *UK and European Investing at Scale Summit* was also hosted in November in partnership with AIF Global, US think tank. The summit brought together large-scale global asset owners (\$100bn+) and allocators and is part of IG's focus on global capital attraction and retention in the UK. The Lord Mayor and His Excellency Georges Friden, Ambassador of Luxembourg to the UK, delivered keynote addresses reinforcing the message that London is unrivalled for private capital allocation at scale, working symbiotically with other asset locations such as Luxembourg.
14. In addition during the last quarter, IG supported both Policy Chairman (CPR) and Lord Mayor's domestic and international engagement. CPR conducted successful visits to Scotland, Brussels, Azerbaijan (COP) and India. The former Lord Mayor

was supported on his visits to Estonia/Latvia and Germany, and the new Lord Mayor (LM) has been supported on visits to the Gulf and Northern Ireland.

15. Preparations commenced for the Global Risk Summit to take place in May 2025. CPR and LM jointly announced the date for the summit in a December press release, following the first sponsor steering committee meeting on 2 December.

Sustainable finance

16. The City of London hosted and co-led the Secretariat for the Transition Finance Market Review (TFMR). The TFMR is an independent market Review commissioned by the UK Government and led by Vanessa Havard-Williams (Linklaters), supported by a panel of advisors and a secretariat. The TFMR was tasked with looking at how the UK can leverage its existing strengths to become the best place in the world to raise credibly transition capital, invest and obtain financial and professional services to support a net zero future. The TFMR [published](#) its findings on 17 October (see link in background papers), providing a framework to scale the market for transition finance in the UK and globally. Through the Chancellor's Mansion House speech, the Government (HMG) has begun delivery of its recommendations by co-launching the Transition Finance Council alongside the City of London. CPR will shortly be collaborating with HMG to appoint its Chair. It is hoped that the Council will be launched in early 2025.
17. The Chancellor's Mansion House speech contained a series of sustainability related announcements which the CoL was heavily involved with and thus delivered strong policy wins. Announcements included:
 - a. The Launch of a consultation on Future regulatory regime for ESG ratings providers with feedback invited until 14 January 2025. The IRSG, which is co-sponsored by CoL, launched a voluntary Code of Conduct for ESG Ratings and Data Providers which has provided the blueprint for this intervention.
 - b. A consultation on UK Green Taxonomy with feedback invited until 6 February 2025. CoL, through the IRSG, was a member of the Green Technical Advisory Group which provided official advice to HMG on this matter.
 - c. A Policy Paper on Principles for voluntary carbon and nature market integrity. In early 2025, the government will consult on the proposed implementation of these principles into voluntary carbon and nature markets and seek views on how they could be applied through guidance, standards and regulatory oversight. Through the UK Carbon Markets Forum, CoL had been calling for further clarity on HMG's approach to support growth of this market.
18. CPR led a delegation to COP29 in Baku from 13-15 November 2024. His programme focused on three key themes of transition finance, carbon markets and adaptation finance, with an overarching objective of demonstrating the UK as a leading centre for sustainable finance and highlighting the ways in which UK expertise can support the transition to net zero internationally. CPR's subsequent

visit to India was a continuation of many of these themes. Its specific objectives were to lead the UK-India Infrastructure Financing Bridge (UKIIFB) delegation in engaging with key Indian stakeholders; and strengthen the City of London's partnership with India, focusing on FPS, infrastructure financing and sustainable development.

Innovation in technology

19. The Data Use and Access (DUA) Bill was published and received its first reading on 23 October 2024. After its predecessor, the Data Protection and Digital Information Bill failed to make it through the last Parliament, CoLC had called for its main elements to be re-introduced at the earliest possible opportunity. The Bill is projected to bring an estimated £10 billion boost to the UK economy across 10 years and will also support delivery of certain Vision for Economic Growth recommendations. CoLC will engage with the Bill through the work of the IRSG's data committee.
20. CoLC ran the third iteration of its Innovation Challenge. The work begun in March of this year and focussed on addressing the threat that synthetic entities, including audio and visual deepfakes, pose to financial services businesses and their customers. The main activity from the Challenge focussed on a 7-week sprint to explore how tech and AI solutions can help to address this growing problem. The initial results/ impact of the challenge include:
 - i. Acceleration of product development by 3 months or more with one participating firm reporting a 9-month acceleration in product development.
 - ii. Nearly all of the financial services participants plan to continue engagement with at least one of the tech companies from the Challenge.
21. Work on the implementation of the Vision for Economic Growth recommendation on a scalable digital verification solution is progressing. This is enabled by the trust framework introduced via the DUA Bill. The Centre for Finance, Innovation and Technology is running a coalition that brings together leading financial, technology, regulatory and public institutions to design a practical prototype for a digital company ID (Company ID) that will prevent fraud and deliver economic growth by empowering UK SMEs. CoLC supported the drafting and launch of an interim progress report. In parallel we are supporting engagement with industry and government to speed up the delivery of a scalable digital verification solution for individuals too. Our analysis in Vision for Economic Growth shows that digital verification could benefit UK businesses and consumers by up to £5 billion by 2030, including by reducing fraud losses.
22. In response to CoLC's and Innovate Finance's joint report 'RegTech Test: Identifying the Policy Impact on Compliance Technology', the FCA added a reference to RegTech in the updated Statement of Policy on Cost Benefit Analysis (CBAs). CBAs are an important part of policy making and if RegTech is hardwired into that it is a welcome outcome. It has been well documented that firms want to see regulators play an active role in RegTech, particularly by encouraging the adoption of RegTech solutions among regulated firms. Research from the FCA

concluded that “There is a clear demand that the FCA should continue its role of bringing the RegTech ecosystem together through raising awareness of RegTech (43%) and encouraging innovation (35%). This is a welcome step that will support the growth of this important sector.

Next steps

23. Priorities for the next quarter include supporting the CPR and LM at Davos, as well as following up on the FS Strategy, including how to strengthen inward investment; driving greater domestic investment; improving risk culture; and developing the Mansion Compact.

Corporate & Strategic Implications

24. Strategic implications – the activity outlined in this paper supports the Corporate Plan and deliver against the Corporation’s Competitiveness strategy. Officers are aware that regular reports may in future be required against the high-level business plan and the Corporate Plan. Officers will ensure that papers such as this align with that process.
25. Financial implications – all financial implications are considered as part of IG’s departmental business planning and project planning processes.
26. Resource implications – all resource implications are considered as part of the project planning process.
27. Legal implications – none identified this paper.
28. Risk implications – all risk implications are considered as part of the project planning process and subsequent monitoring.
29. Equalities implications – none identified for this paper.
30. Climate implications – Officers recognise that international and, to a lesser extent, domestic travel have climate implications. These are considered as part of the Corporation’s wider commitment to climate action.
31. Security implications – none identified for this paper.
32. Health Implications – none identified for this paper.

Conclusion

33. This paper is the fourth of the quarterly cycle of reports outlining the activity of the City of London Corporation’s work to support the competitiveness of the UK as a global financial and professional services centre. It also provides Member’s with an annual update on the work carried out in overseas offices in the 2024 calendar

year. This work is led by IG working with Corporate Affairs, Media, the Remembrancer's Office, the Office of the Policy Chairman and Mansion House.

Appendices

- Appendix 1 – City of London Corporation Overseas Offices 2024
- Appendix 2 – Vision for Economic Growth – One year on

Background Papers

- [Scaling Transition Finance Report](#)
- Innovation and Growth Quarterly Report - submitted to Policy and Resources on 11 November 2024
- IG Quarterly Report – July 2024 - submitted to Policy and Resources on 11 July 2024
- IG Quarterly Report – April 2024 - submitted to Policy and Resources on 11 April 2024
- High-level business plan - submitted to Policy and Resources on 18 March 2024
- City of London Corporation Overseas Offices (Non-Public) – submitted to Policy and Resources on 14 December 2023
- Establishing CoL's permanent US presence (Non-Public) – submitted to Policy and Resources Committee on 23 February 2023

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