

Written evidence submitted by the City of London Corporation (LRS0079)

1. Financial and professional services (FPS) are critical to future UK competitiveness. Two thirds of financial and professional services roles are located outside London, in increasingly sophisticated ecosystems, along with half of the UK's FPS exports. It is vital that the UK is positioned as a world-leading place for FPS to do business both now and in the future. This cannot be accomplished without the talent-rich and growing FPS ecosystems which exist outside London.
2. The City of London Corporation seeks to use its expertise and resources to work with other FPS centres on areas of common interest such as green and sustainable finance, Fintech, future skills, investment & trade, regulation, and global promotion of growing firms from UK cities. The City Corporation works with cities across the UK to promote FPS as key to UK competitiveness and grow capacity outside London as well as use the global reach of the City to spotlight opportunities across the country to international audiences, including for capital investment.
3. This approach is underpinned by a City Corporation Partnerships Strategy. The City Corporation has prime relationships with six key partners: Northern Ireland, Birmingham, Cardiff, Scotland (Edinburgh and Glasgow), Leeds, and Manchester. These are driven by dialogue with regional and national leaders, convening key actors in the FPS ecosystems. The City Corporation's work is guided by an ambition to support and sustain FPS jobs and gross value added (GVA).

Key Workstreams

4. The City of London Corporation has three innovation-led flagship projects underway, each capable of mobilising private capital in support of the Levelling Up agenda and cross-UK growth.
5. First, the Finance for Sustainable Growth project uses the City Corporation's national reach to help build out new business clusters across the UK and drive the growth of innovation and Greentech. To achieve net-zero by 2050 more must be done to support Greentech and sustainability-oriented businesses. Much of this is currently based in London and the South-East. If more can be developed outside these areas, net-zero could be achieved more quickly alongside the creation of new, resilient jobs across the UK.
6. The right support can enhance investment flows in regions towards green growth and job creation. The City Corporation has commissioned research looking at 850 SMEs which have attempted to access finance in the last three years. This has identified five "elements of success" that underpin sustainable business cluster growth, including corporate ecosystem, political infrastructure, research & commercialisation and access to finance. The fifth element is termed "interconnectors". They coordinate the other four elements, bringing them together so ideas and capital can link up to drive business growth.
7. The City Corporation, via its UK partnerships, seeks to act as an interconnector, thus helping to leverage places' existing strengths and develop the required environment to drive sustainable cluster growth. The City Corporation is working with key actors in parts of the UK to test this hypothesis through a series of round tables, alongside approaches to BEIS and Innovate UK as key contributors to the ecosystem. The aim of these engagements is to share and hear diverse perspectives from representatives of start-ups and scale-ups, universities, large corporate firms, government and accelerators that will help inform a strategy for regional green growth. This will, in turn, support UK clusters in realising their full growth

potential and leading the way to net-zero by championing innovation and financing a green future.

8. Second, the City Corporation, alongside Innovate Finance, forms the secretariat for the Fintech Strategic Review, working with HM Treasury on leveraging existing clustered expertise to spur regional Fintech growth.
9. Third, the City of London Corporation is co-sponsoring a research report which will investigate the potential financial returns to place-based investing for social impact. Enhancing Place Based Impact-Investing (PBII) means getting large pools of domestic capital and Local Government Pension Schemes (LGPS) to invest “in their own back yards”. The working hypothesis of the project is that LGPS portfolios are already exposed to investing, which could be classified as “place-based,” and that by examining this closely we may be able to deliver a clearer articulation of the positive financial returns to PBII. By demonstrating that PBII works, the City Corporation hopes to increase its adoption for the benefit of end-investors and UK communities. The City Corporation is engaging with contacts who may be interested in providing strategic input to the project, and LGPS funds willing to be interviewed.
10. In addition to the three workstreams outlined above, the City Corporation is drawing cross-UK perspectives into the forthcoming Green Horizon Summit, to get a regional and national picture of green priorities and activities as well as focusing on vital skills for FPS through their relationship with the Financial Services Skills Commission. The City Corporation is developing a UK skills review for FPS, which will consider the impacts of Covid and digitalisation. This is in addition to the work of the City Corporation in showcasing other UK cities to international investors, promoting UK cities in key markets and inviting growing UK firms on overseas trade delegations with the Lord Mayor, most recently to North America.

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