

MDA No.: 1360

Title: Future of London's Financial and Professional Services

1. Executive Summary

- 1.1 At the Economy Committee meeting on 10 December 2021, the Committee held a meeting on economically insecure Londoners and resolved that:

Authority be delegated to the Chairman, in consultation with the party Group Lead Members, to agree any output arising from the discussion.

- 1.2 Following consultation with party Group Lead Members, the Chairman is asked to agree the Committee's letter to the Mayor, as attached at **Appendix 1**.

2. Decision

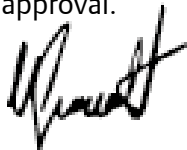
- 2.1 **That the Economy Committee's letter to the Mayor on the future of London's financial and professional services be agreed.**

Assembly Member

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Printed Name: Neil Garratt AM, Chairman of the Economy Committee

Date: 25/03/2022

3. Decision by an Assembly Member under Delegated Authority

Background and proposed next steps:

- 3.1 The exercise of delegated authority agreeing the Committee's letter to the Mayor on the future of financial and professional services will be formally noted at the Committee's next appropriate meeting.
- 3.2 The terms of reference for this investigation were agreed by the Chairman, in consultation with relevant party Lead Group Members, under the standing authority granted to Chairs of Committees and Sub-Committees. Officers confirm that the letters and recommendations fall within these terms of reference.

Confirmation that appropriate delegated authority exists for this decision:

Signature (Committee Services): L. Harvey

Printed Name: Lauren Harvey, Senior Committee Officer

Date: 11/03/2022

Telephone Number: 07729 625579

Financial Implications: NOT REQUIRED

Note: Finance comments and signature are required only where there are financial implications arising or the potential for financial implications.

Signature (Finance): Not Required


Printed Name: N/A

Date: N/A

Telephone Number: N/A

Legal Implications:

The Chairman of the Economy Committee has the power to make the decision set out in this report.

Signature (Legal): 

Printed Name: Emma Strain, Monitoring Officer

Date: 11/03/2022

Telephone Number: 07971 101375

Supporting Detail / List of Consultees:

- Hina Bokhari AM (Deputy Chair)
- Marina Ahmad AM
- Zack Polanski AM

4. Public Access to Information

- 4.1 Information in this form (Part 1) is subject to the FoIA, or the EIR and will be made available on the GLA Website, usually within one working day of approval.
- 4.2 If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary.
- 4.3 **Note:** this form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If yes, until what date:

Part 2 – Sensitive Information:

Only the facts or advice that would be exempt from disclosure under FoIA or EIR should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form? NO

Lead Officer / Author

Signature: D. Tattersall


Printed Name: Dan Tattersall

Job Title: Senior Policy Adviser

Date: 14/03/2022

Telephone Number: 07783 805825

Countersigned by Executive Director:

Signature: 

Printed Name: Helen Ewen, Executive Director of Assembly Secretariat

Date: 15/03/2022

Telephone Number: 07729 108986

LONDON ASSEMBLY



Neil Garratt AM
Chairman of the Economy Committee

Sadiq Khan
Mayor of London
(Sent by email)

CC: Rajesh Agrawal, Deputy Mayor for Business; Laura Citron, Chief Executive, London & Partners

25 March 2022

Dear Mr Mayor,

London's financial and professional services

I am writing to you in my position as Chair of the London Assembly Economy Committee regarding London's financial and professional services sectors. This follows a meeting held by the Committee on 10 December 2021, which was attended by the following guests:

- Rajesh Agrawal, Deputy Mayor for Business
- Allen Simpson, Acting Chief Executive, London & Partners
- Miles Celic, Chief Executive Officer, TheCityUK
- Professor Sarah Hall, Senior Fellow, The UK in a Changing Europe
- Anna Purchas, London Office Senior Partner and Regional Chair, KPMG

As part of our investigation, the Committee set out to understand how London's financial and professional services sectors have responded to the impact of leaving the EU and the pandemic; what the future opportunities and challenges are for the sectors; and what action the Mayor and

central government can take to support and grow financial and professional services in London. We also wanted to understand what action the Mayor of London, London & Partners and central government can take to promote London as an international hub for financial and business activity. This letter outlines the Committee's findings and recommendations from the investigation.

Impact of the pandemic and Brexit on London's financial and professional services sectors

The Committee heard that the financial and professional services sectors have been more resilient to the economic impacts of the pandemic than other parts of the economy. This is primarily because both sectors were able to adapt quickly to home and hybrid working.

It is still too early to say what the long-term impact of Brexit will be on London's financial and professional services sectors. But early predictions around large-scale job losses have not materialised, and we recognise the work of employees and businesses in both sectors in avoiding potential disruption as a result of Brexit. Early indications are that there has been a pivot away from the EU and towards other markets in financial services, and it is important that London's financial services sector capitalises on the opportunities and recognises the challenges this presents.

Support from the Mayor for financial and professional services

The Committee heard how important it is for the Mayor to be an advocate for London's financial and professional services sectors and to champion them at home and abroad. It is vital that the Mayor and London & Partners continue to promote these sectors, including outside the European Union. This should also take account of the work carried out by the Lord Mayor of London, who acts as an international ambassador for the UK's financial and professional services sector. We would like the Mayor to report back to the Committee on the targets he has set for this work and the countries he is focusing on for promotional activity.

Recommendation: *The Mayor, Deputy Mayor, and London & Partners should continue to work with central government to champion and support London's financial and professional services sectors and ensure that the city remains a world leader in these areas. This work should involve promoting these sectors abroad, including outside the European Union. The Mayor should report back to the Committee on the targets he has set for this work and the countries he is focusing on for promotional activity.*

Future innovations in financial and professional services

The Committee heard that financial and professional services are experiencing significant disruption, with a range of new innovations appearing across both sectors. London has the opportunity to be at the forefront of these emerging service areas, such as fintech, regulatory technology, legal technology, and environmental services. It is vital that London is a dominant player in these areas so it can continue to be a world leader in both sectors as a whole. The Mayor and London & Partners have a role to play in championing these emerging service areas in London.

Recommendation: *The Mayor, Deputy Mayor, and London & Partners should set out an action plan for how they intend to champion emerging professional and financial services areas, such as fintech, regulatory technology, legal technology, and environmental, social, and governance (ESG). London has the opportunity to be a world leader in these areas.*

Green finance

We are aware that you have committed to supporting London to be a world-leading centre for green finance, including setting up a new financing facility to bring more investment for infrastructure in London. At the meeting, members of the Committee asked the Deputy Mayor for Business for an update on your partnership with the Green Finance Institute to explore opportunities for maximising investment in low carbon projects. In March 2021 you stated that an interim report was being prepared, but this has not yet been published. In a letter sent to the Committee after the meeting, the Deputy Mayor informed us that since last May you have been working with the Green Finance Institute on a Financing Facility Optioneering Report, which has a wider scope than the previous work. He told us that this report is due to be completed and published in spring 2022.

The Committee would like to see the Financing Facility Optioneering Report, as well as a clear timetable for delivery of the project. We would like you to outline how this work will support the growth of green finance in London, including how it will mitigate against greenwashing.

Recommendation: *The Mayor should share with the Committee the ‘Optioneering Report’ that is being developed with the Green Finance Institute, due to be published in Spring 2022. If the report does not contain a clear timetable for the project, then this should be provided alongside the report.*

Recommendation: *The Mayor should set out how his work with the Green Finance Institute will support the growth of green finance in London, and how it will mitigate against greenwashing.*

Recommendation: *The Mayor should outline how he is using his convening power to further support the growth of green finance in London and fulfilling his manifesto promise to ‘support the City to be the world leading centre for green finance’.*

Attracting skills and talent

The guests at the Committee meeting highlighted concerns about skills shortages in London’s financial and professional services sectors. Anna Purchas told us that ‘the number one concern we have is skills shortage’, while Miles Celic stated that ‘talent is the number one issue, both domestic and international’. Anna Purchas went on to say that ‘we have seen a reduction in EU workers wanting to come and work in our sector. That does cause us issues’. It is vital that London continues to be able to attract the skills and talent that the financial and professional services sectors require.

Recommendation: *The Mayor should lobby the Government to ensure the UK’s new visa and immigration system following the UK leaving the EU is working in the right way to address London’s skills needs in financial and professional services.*

External factors which contribute to the success of London’s financial and professional services sectors

Several guests stressed to the Committee that the success of London’s financial and professional sectors is linked to the city’s wider strengths. These include its transport infrastructure, culture and hospitality sectors, as well as being seen as a welcoming place for people to live and work. This clustering effect helps to attract people to live in London and enables the sharing of knowledge and expertise. It is important that London remains an attractive place to live and work for the future success of the city’s financial and professional services. As you are aware, the London Assembly has

called on the Government to provide TfL with a long-term funding deal to enable TfL to effectively plan and allocate their resources.¹

Recommendation: *The Mayor should set out how he actively considers and supports London's financial and professional services through his work in other policy areas, and what assistance he requires from government for this. This could be in relation to transport, culture, and ensuring London is seen as a welcoming place for people to live and work.*

Further action that the Mayor and central government can take to support London's financial and professional services sectors

Guests at the meeting outlined a number of actions they would like to see from the Mayor and central government to support London's financial and professional services sectors. These related to areas such as access to talent, certainty over equivalence arrangements and European Regional Development Fund (ERDF) funding. We believe you have a role to play in lobbying the Government around equivalence and ERDF funding, as well as monitoring and reporting on the ongoing challenges and opportunities of Brexit.

Recommendation: *The Mayor informed the EU Exit Working Group in 2021 that he had written to the Chancellor 'urging the Government to work urgently to close major gaps in the deal on issues such as financial services equivalence, recognition of professional qualifications and business travel.' He should update the Economy Committee on the Government's response and outline any further action he has taken on these issues.*

Recommendation: *The Mayor should continue to lobby the Government to ensure that the UK Shared Prosperity Fund (UKSPF) fills the gaps left by the loss of ERDF funding and that London receives its fair share of this. The Mayor should demonstrate to the Assembly what work is being undertaken to achieve this ask.*

Recommendation: *The Mayor and London & Partners should continue to monitor and report on the impact, including challenges and opportunities, of Brexit on London's financial and professional services. They should provide the Economy Committee with an annual report so the Committee can continue to review their assessment of this impact.*

The Committee would welcome a response to this letter by 29 April 2022. Please send your response by email to the Committee's clerk, Lauren Harvey (lauren.harvey@london.gov.uk).

Yours sincerely,



Neil Garratt AM
Chairman of the Economy Committee

¹ [Funding for Transport for London](#), London Assembly, 3 March 2022