

Committee(s)	Dated:
Outside Bodies Sub (Policy and Resources) Committee	02 February 2017
Subject: Nomination of a Guarantor to Innovate Finance's new Board of Guarantors	Public
Report of: Damian Nussbaum, Director of Economic Development	For Decision
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Summary

On 30th November 2016, the executive Board of Innovate Finance approved a new governance model for that organisation. The City of London Corporation played a key role in advising and feeding back to the organisation during its governance review and the Chairman of Policy and Resources met three times with Innovate Finance to discuss this review.

Following Innovate Finance's governance review and approval of a new governance model, the City Corporation has been invited to nominate a Guarantor and Co-Chair to Innovate Finance's Board of Guarantors. This invitation was made in writing to the Chairman of Policy and Resources on 5th December 2016 by Innovate Finance CEO Lawrence Wintermeyer. Having regard to Alderman William Russell's skills and experience, it is recommended that the City Corporation nominates Alderman Russell to this role.

This report also follows your Grand Committee's approval of additional funding for Innovate Finance in September 2016 and support for FinTech.

Recommendation

Members are asked to recommend to the Policy & Resources Committee that Alderman William Russell be nominated as Co-Chair of the new Board of Guarantors for Innovate Finance. It is expected that this appointment would come into effect shortly after Innovate Finance has updated its articles (which will require and is subject to the approval of Innovate Finance's current company members) and other governing documents.

Main Report

Background

1. The City Corporation is Innovate Finance's lead sponsor, providing £1m over three years from 2014/15. Canary Wharf Group is also a founding sponsor, providing a total of £350,000 over three years including in-kind support in the form of an office base at Level 39. Following approval last September, your Committee agreed to an additional year's sponsorship of £350,000 from April 2017.

Current Position

2. On 30th November 2016, the Executive Board of Innovate Finance approved a new governance model which seeks to secure the viability and financial stability of the organisation for years to come. The City Corporation played a key role in advising and feeding back to the organisation during its governance review and the Chairman of Policy and Resources met three times with Innovate Finance to discuss this review.
3. Following Innovate Finance's governance review and approval of a new governance model, the City Corporation has been invited to nominate a Guarantor and Co-Chair to Innovate Finance's Board of Guarantors. on behalf of the City Corporation. This invitation was made in writing to the Chairman of Policy and Resources on 5th December 2016. It is expected that Innovate Finance's governing documents and the City Corporation's Grant Agreement with Innovate Finance will be updated to reflect the new governance model by 1st April 2017.
4. This invitation reflects the City Corporation's role as lead sponsor of Innovate Finance as well as the support provided by the City Corporation for Innovate Finance's Policy Advisory Board (which has now been disbanded).
5. The recommendation that Alderman Russell is nominated to this position reflects Alderman's Russell's role as Chair of the FinTech Network Action Group (which the City Corporation co-runs with Innovate Finance and which is now recognised as a key component by HM Government with the supporting policy ecosystem for FinTech, complementary to both the Government's own FinTech Panel and FSTIB). It also reflects Alderman Russell previous participation in Innovate Finance's Policy Advisory Board (now defunct).

Options

6. Your Sub Committee is recommended to endorse the nomination of Alderman Russell as Guarantor (and Co-Chair) of the Board of Guarantors for Innovate Finance.

Proposal

7. Under the new organisation structure for Innovate Finance, a company limited by guarantee, the Guarantors are its company members. Innovate Finance has approved a new governance model which proposes that the Guarantors would be very senior individuals with proven reputations in the sector and influencers. They could come from anywhere in the world and they may also be the representatives of significant benevolent investors (such as the City of London Corporation). They would meet infrequently and have a limited number of responsibilities, namely:
 - Appointment and removal of the Executive Board Chair and members;
 - Holding the Chair of the Executive Board to account for the performance of the company;
 - Long term strategy setting;
 - Dispute resolution for Subscribers.
8. There would be no maximum number of Guarantors (this would be reviewed in three years), all would act as Co-Chairs and these would be appointed over the course of 2017, only assuming their power to appoint the Executive Board once fully established.
9. The Guarantors would meet twice a year, once in General Meeting with the Board and only convene in addition if their dispute resolution function was needed.
10. The Guarantors' responsibilities will be subject to the company's articles, which are due to be updated following the Executive Board's approval of the new governance model, that set out appointment and removal of the Guarantors themselves and terms of re-election. It is proposed that they would be appointed for three year terms and be allowed a further three years upon a vote.

Corporate & Strategic Implications

11. Strengthening our participation in Innovate Finance ensures we are engaged with future policy development in the sector and also reinforces our links with the broader FinTech community and key institutions we expect will be represented on the Board of Guarantors.

Implications

12. There are no financial implications to this decision.

Conclusion

13. In light of last year's Brexit vote, it is imperative that we continue to engage with the FinTech community. Our relationship with Innovate Finance provides unique support for our own strategic objectives, both in the UK and overseas, in the development of policy and the promotion of the future of financial services, especially around London's place as a global hub for both technology and finance.

This opportunity also provides the City Corporation with an opportunity to participate in Innovate Finance and also the FinTech sector.

Appendices

None

Background Papers

Report to Policy & Resources Committee requesting approval for additional sponsorship to support Innovate Finance, September 2016

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