

Government Ministers sign up as Social Investors

1999

Rt Hon David Blunkett MP, Secretary of State for Education and Employment, and Rt Hon Richard Caborn MP, Minister for Regeneration and the Regions, are among those making personal pre-launch pledges to invest in the Sheffield Employment Bond, a five year fixed term zero coupon social investment bond. Both represent Sheffield constituencies. The bond will provide finance for community enterprises and job creation in Sheffield and is an initiative of recent UKSIF member Citylife in partnership with local agencies. It is one of a range of new developments in socially directed investment. See below - [Employment for Sheffield](#) and [Community Finance Update](#) for more.

Pensions Green Paper

Meanwhile, government support for socially responsible investment appeared in the pensions green paper. This took forward proposals announced at our [Annual Lecture last July](#).

"Pension funds must consider how their funds are invested" the green paper said. "The Government believes that, subject to the overriding requirements of trust law in respect of the interests of beneficiaries, trustees should feel able to consider moral, social and environmental issues in relation to their investments. We believe that it is right that all trustees should consider how far such issues should affect the way they invest the assets of the pension fund. We believe that the best way to achieve this is the introduction of a regulation under the Pensions Act 1995. Such a regulation would require pension fund trustees to set out their policy, if any, in their statement of investment principles." Since then, the draft regulation has been published.

There was more good news in the announcements on stakeholder pensions. The new regulation will apply to stakeholder pensions set up under trust law - initially, the only permitted legal framework. The government will take powers to allow alternative governance arrangements to be introduced, so the pensions industry can seek approval in future for stakeholder pension structures giving comparable benefits to trust law but with greater flexibility to take social investment into account. And, of course, where appropriate, social investment considerations might be written into new stakeholder trust deeds.

Making Parliamentary History

Ethical investment has also been raised in Parliament, with Tony Colman MP presenting the Financial Services (Ethical Considerations) Bill in the last parliamentary session. It called for the new regulator, the Financial Services Authority (FSA), to issue guidance that financial advisers should ask clients

as to whether they wished to have particular ethical concerns taken into account in their financial advice. This is the first time a bill specifically on ethical investment has been presented to parliament, says ethical investment pioneer Charles Jacob MBE.

While the Bill fell automatically at the end of the session, the campaign to protect green and ethical consumers will be carried forward in 1999 in amendments to the Financial Services and Markets Bill, which defines the FSA's responsibilities.

Financial Services & Markets Bill

Friends of the Earth and the World Wide Fund for Nature joined UKSIF in seeking changes to the draft bill. As well as highlighting the need to protect the green and ethical consumer, we called for the FSA's aims explicitly to include both the promotion of sustainable development and the provision of information on the impacts of investment decisions.

As all these developments unfold, 1999 looks likely to be an excellent year for social investment.

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