



## Social Investment Board

**Date:** MONDAY, 7 APRIL 2014  
**Time:** 1.45pm  
**Venue:** COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

**Members:** Alderman Peter Hewitt (Chairman)  
Deputy Robert Howard (Deputy Chairman)  
Deputy Ken Ayers  
Roger Chadwick  
Revd Dr Martin Dudley  
Andrew McMurtrie

**Enquiries:** Sean Cable  
tel. no.: 020 7332 1174  
[sean.cable@cityoflondon.gov.uk](mailto:sean.cable@cityoflondon.gov.uk)

Lunch will be served be served in the Guildhall Club at 1.00pm

**John Barradell**  
Town Clerk and Chief Executive

# AGENDA

## Part 1 - Public Agenda

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES**  
To agree the public minutes and summary of the meeting held on 26 February 2014 (copy attached).  

**For Decision**  
(Pages 1 - 6)
4. **EVENTS & MEETINGS**  
Record of events and meetings attended for the period February – March 2014.  

**For Information**  
(Pages 7 - 10)
5. **PRESENTATION FROM SYMBIOTICS & OXFAM**  

**For Information**
6. **PROGRESS REPORT OF THE CHIEF GRANTS OFFICER**  
Report of the Chief Grants Officer.  

**For Decision**  
(Pages 11 - 14)
7. **UPDATE ON THE WORK OF THE SOCIAL INVESTMENT ADVISOR**  
Report of the Director of Economic Development.  

**For Information**  
(Pages 15 - 18)
8. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
9. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
10. **EXCLUSION OF THE PUBLIC**  
**MOTION** – that under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the Local Government Act.

**For Decision**

## **Part 2 - Non-Public Agenda**

11. **NON-PUBLIC MINUTES**  
To agree the non-public minutes of the meeting held on 26 February 2014 (copy attached).  

**For Decision**  
(Pages 19 - 24)
12. **PORTFOLIO UPDATE**  
Report of the Chief Grants Officer.  

(Pages 25 - 38)
13. **INVESTMENT UPDATE - THE FOUNDRY**  
Report of the Chamberlain and the Chief Grants Officer.  

**For Decision**  
(Pages 39 - 42)
14. **INVESTMENT REVIEW - AFFORDABLE HOMES RENTAL FUND**  
Report of the Chamberlain and the Chief Grants Officer.  

**For Decision**  
(Pages 43 - 68)
15. **INVESTMENT REVIEW - COMMONWEAL - PRAXIS HOUSING PROJECT**  
Report of the Chamberlain and the Chief Grants Officer.  

**For Decision**  
(Pages 69 - 94)
16. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
17. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

This page is intentionally left blank

**SOCIAL INVESTMENT BOARD**

**Wednesday, 26 February 2014**

**Minutes of the meeting of the Social Investment Board held at the Guildhall  
EC2 at 11.00am**

**Present**

**Members:**

Alderman Peter Hewitt (Chairman)  
Deputy Ken Ayers  
Revd Dr Martin Dudley

Deputy Robert Howard  
Andrew McMurtrie

**Officers:**

Sean Cable	- Town Clerk's Department
Alistair MacLellan	- Town Clerk's Department
David Farnsworth	- City Bridge Trust
Tim Wilson	- City Bridge Trust
Martin Hall	- City Bridge Trust
Katie Hill	- Economic Development Office
Liz Skelcher	- Economic Development Office
Paul Mathews	- Chamberlain's Department
Anne Pietsch	- Comptroller & City Solicitor's Department
Karen McHugh	- Comptroller & City Solicitor's Department

**In Attendance:**

George Gillon	- Chief Commoner
Patrick Reeves	- Albion Ventures LLP
Robert Whitby-Smith	- Albion Ventures LLP
John Kingston	- Social Finance
Richard Todd	- Social Finance

**1. APOLOGIES**

There were no apologies.

**2. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN  
RESPECT OF ITEMS ON THE AGENDA**

There were no declarations.

**3. ELECTION OF DEPUTY CHAIRMAN**

The Town Clerk conducted an election for Deputy Chairman in accordance with Standing Order 30. Deputy Robert Howard, being the only member expressing his willingness to serve, was elected as Deputy Chairman for the remainder of the municipal year.

4. **MINUTES**

**RESOLVED** – that the public minutes and summary of the meeting held on Friday 13 December 2013 be approved as a correct record, subject to the typographical errors ‘canto’ (Item 3) and ‘programme?’ (Item 8) being corrected.

**Matters Arising  
Meetings and Events**

The Chairman emphasised that members of the Board should be invited to high level events. In response the Chief Grants Officer noted that several such events were due to take place over the coming weeks, including Threadneedle Investments (12 March) New Entrepreneur Foundation (29 April) and a roundtable of wealth advisers (date to be confirmed). He noted that members would be informed of event details in due course.

5. **EVENTS AND MEETINGS ATTENDED**

The Board received a record of events and meetings attended for the period 4 December 2013 – 12 February 2014.

In response to a question from a member, the Principal Grants Officer provided feedback on officers’ 9 December 2013 meeting with City YMCA, noting that they were now based outside of the City itself and, given they were primarily interested in seeking grant funding, had been advised by officers to apply to the City Bridge Trust.

**RECEIVED**

6. **PRESENTATION FROM ALBION VENTURES**

The Board received a presentation from Patrick Reeve and Robert Whitby-Smith of Albion Ventures, after which members of the Board took the opportunity to pose questions.

In response to a question from the Chairman regarding the relative merits of the Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCTs), Mr Reeve replied that it was his opinion that social investment benefited more from longer term approaches, and therefore VCTs were the more appropriate vehicle for social investment.

In response to a further question from the Chairman, Mr Reeve replied that the tax breaks on both schemes were very similar in that both offered up-front tax relief to investors – however he noted that dividend income from VCTs was tax free whereas dividend income from EIS was not.

In response to an observation from the Deputy Chairman, Mr Reeve replied that VCTs should ideally be reformed to feature, for example, a lower up-front tax break. The Deputy Chairman noted that the Financial Conduct Authority was looking to make retail investment into non-mainstream investments such as EIS more difficult.

**RESOLVED** –

- In response to a suggestion from the Deputy Chairman, officers agreed to invite Big Society Capital to make a presentation about their new strategy to the Board sometime after late summer 2014.

## 7. **PROGRESS REPORT**

The Chief Grants Officer (CGO) introduced a progress report on social investment activity within the City of London Corporation. He noted that the Finance Committee had approved resources for the recruitment of a social investment analyst.

Commenting upon the wider body of the report, the CGO noted that the City Bridge Trust was developing a new programme to support charitable organisations to engage with the social investment market. It was intended that this programme would complement the work of the Social Investment Board.

The CGO concluded by noting that the report requested the Board to approve delegated authority for both the CGO to enter into non-disclosure agreements with potential investees as well as being able to approve any minor variations in investment terms with investees that had previously been approved by the Board.

In response to a suggestion from a member that the delegation to approve minor variations in investment terms be included in the Officer Scheme of Delegations, the Comptroller & City Solicitor's representative noted that the Chief Grants Officer was not a Chief Officer and would not normally be referred to in the Officer Scheme of Delegations. Under existing corporate practice any specific delegations to the CGO (who acts under delegated authority from the Town Clerk) would need to be approved by Members on a case-by-case basis, as occurred recently in approving the revised CBT grants policy. The Chief Grants Officer and the Comptroller & City Solicitor agreed to consult with the Town Clerk to determine whether specific delegations to the CGO could be included in the Officer Scheme of Delegations which was currently being reviewed.

**RESOLVED**, that –

- Members note the report;
- Members delegate the authority to the Chief Grants Officer to enter into non-disclosure agreements which may be required as a pre-condition to receiving information necessary to enable the evaluation of investment be officers;
- Members approve a standing delegation to the Chief Grants Officer, in consultation with the Chairman and Deputy Chairman, to approve minor variations to the terms of existing social investments where these do not materially impact upon the charity's investment;

- The Chief Grants Officer and Chief Legal Assistant consult with the Town Clerk to determine if delegated power in the CGO to approve minor variations to social investments can be included in the Scheme of Delegations.
- In response to a request by the Deputy Chairman, officers agreed to provide information on the geographic spread of investments made by the Board in future reports to better inform them on progress in meeting the geographic mandate of the Fund.

**8. UPDATE ON THE WORK OF THE SOCIAL INVESTMENT ADVISOR**

The Social Investment Adviser introduced a report of the Director of Economic Development on the work she had been carrying out since the last meeting of the Board. She emphasised that there continued to be international interest in the social investment work being carried out by the City of London Corporation. She went on to reference two research projects of the Social Investment Market Research Council upon which the City of London was leading and managing, namely an examination of potential new sources of supply of social investment and a user friendly description of the Financial Promotions Order. These two projects were due to publish their findings in April 2014. She concluded by drawing the Board's attention to the ongoing market trend of an excess of supply of capital seeking low-risk, asset-backed investment opportunities.

**RECEIVED**

**9. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

There were no questions.

**10. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was no urgent business.

**11. EXCLUSION OF THE PUBLIC**

**RESOLVED** – that under Section 100A(4) of the Local Government Act 1972, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of information as defined in Part I of Schedule 12A of the Local Government Act:

<b>Item(s)</b>	<b>Paragraph(s)</b>
12-17	3

**12. NON-PUBLIC MINUTES**

The Board agreed the non-public minutes of the meeting held on 13 December 2013.

**13. PORTFOLIO UPDATE**

The Board considered a report of the Chief Grants Officer.

**14. INVESTMENT REVIEW - THE FOUNDRY**

The Board considered a report of the Chamberlain and Chief Grants Officer.



15. **INVESTMENT REVIEW - APPOSITE CAPITAL**  
The Board considered a report of the Chamberlain and Chief Grants Officer.
16. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**  
There were no questions.
17. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**  
**Real Lettings**  
The Chief Grants Officer briefed the Board on a variation in relation to the Real Lettings Property Fund investment.

**The meeting closed at 12.34pm**

---

Chairman

**Contact Officer: Sean Cable**  
**tel. no.: 020 7332 1174**  
**sean.cable@cityoflondon.gov.uk**

This page is intentionally left blank

## SOCIAL INVESTMENT BOARD

**Events and Meetings Attended  
13<sup>th</sup> February – 28<sup>th</sup> March 2014**

<b>Date</b>	<b>Organisations</b>	<b>Type of Event</b>	<b>Attendees from Corporation</b>	<b>Location</b>	<b>Summary</b>
13 February	Global Impact Investors Network representative for UK	Meeting	Katie Hill	City	Meeting to discuss GIIN's membership base, and work programme
14 February	Commonweal	Meeting	Tim Wilson	Blackfriars	Meeting to discuss Commonweal's social investment proposal (included in the papers for today's meeting)
17 February	Blue Dot Legal Entrepreneurs, USA	Meeting	Katie Hill	Guildhall	Exploratory meeting to discuss standardisation of loan terms in impact investment internationally
17 February	Barclays Global Asset Management	Meeting	Katie Hill	Canary Wharf	Discussion around Barclay's areas of interest in social investment and corporate responsibility activities
18 February	Investing For Good	Meeting	Katie Hill	Kings Cross	Discussion on charitable bond market
19 February	Pure Leapfrog	Meeting	Katie Hill	City	Discussion on PureLeapfrog strategic goals and possible financing needs
20 February	Rayne Foundation	Meeting	Tim Wilson	Marble Arch	Discussion on the use of social investment for arts ventures
24 February	Department for International Development	Meeting	Katie Hill	Victoria	Discussion on DfiD's impact investment fund progress, investor appetite, priorities, GIIN
26 February	Department for Communities and Local Government	Seminar	Katie Hill	Victoria	Outline of DCLG's proposal to create a Social Impact Bond to tackle homelessness

27 February	Department of Health	Meeting	Katie Hill, Tim Wilson Giles French	Guildhall	Discussion around plans for G8 Dementia Summit follow up event
27 February	Investment Committee	Dinner	Members and the Chief Grants Officer	Haberdashers' Hall	Annual dinner of this Committee
28 February	City Networking Group	Breakfast seminar	Katie Hill, Sophie Hulm	Canary Wharf	Corporate responsibility network meeting of corporates interested in engaging in social investment
28 February	Pioneers Post	Meeting	Katie Hill, Sanjay Odedra	City	Communications issues around social investment and plans for Pioneers Post in 2014
28 February	Engaged X	Meeting	Katie Hill, Tim Wilson	Guildhall	Update on progress from City Bridge Trust's grant to Engaged X and plans for index of social investment deals going forward
28 February	Trust for London	Meeting	Chief Grants Officer	Smithfields	Meeting to discuss areas of common interest, including social investment, to City Bridge Trust and the Trust for London
4 March	Biggafish	Meeting	Tim Wilson	London Fields	Exploratory meeting to discuss the possible use of social investment for employability work with young people
6 March	Printers Charity	Meeting	Tim Wilson	Guildhall	An introductory meeting for the Printers Charity and City Bridge Trust to share their respective interests in social investment
8 March	Global Social Venture Challenge, London Business School	Pitching event	Katie Hill	Old Street	Pitching event with competition finalists drawn from London Business School social entrepreneurs.
10 March	NESTA	Meeting	Katie Hill	Chancery Lane1	Meeting to discuss progress on NESTA impact fund, City of London Corporation Social Investment Fund, and discuss financing gaps and challenges
11 March	Christian Aid	Meeting	Tim Wilson	Waterloo	Discussion of Christian Aid's initial social investment work
11 March	Deutsche Bank	Meeting	Katie Hill	City	Meeting to exchange activities and perceptions of the social investment market in the UK and updates on the funds of DB and CoL

11 March	UK G8 national Advisory Board	Meeting	Katie Hill	Fleet St	Quarterly meeting of UK G8 taskforce
11 March	European Venture Philanthropy Association	Seminar	Katie Hill	London Business School	Presentation of report from EVPA on role that banks could play in social impact investment within Europe.
12 March	Bridges Ventures	Meeting	Katie Hill	Westbourne Grove	Meeting to catch up on Bridges Ventures funds, City of London Corporation Social Investment Fund and discuss gaps in the market provision
12 March	Big Issue Invest Threadneedle Investments	Event	Katie Hill	Southwark Cathedral	Launch of the BII / Threadneedle Social impact bond fund; Q & A and networking session
15 – 19 March	Toronto (British Council guest)	Various meetings and conference	Katie Hill	Toronto	Present UK state of play of social investment and learn from key players in Toronto on appetite and opportunities for social investment
20 March	Commonweal	Meeting	Tim Wilson	Big Society Capital's offices, Fleet Street	Meeting of interested investors to finalise terms for this proposal (presented in papers to today's meeting)
20 March	Guest of PwC / Only Connect	Round table lunch	Katie Hill	The Brigade Southwark	Only Connect hosted meeting to present their vision and challenges; Greg Clark MP guest of honour
21 March	Social Finance	Meeting	Tim Wilson	Great Portland Street	An update from Social Finance of the Impact Incubator work they are delivering, partly financed by City Bridge Trust
24 March	Social Finance, Trust for London, Tudor Trust and Esmee Fairbairn Foundation	Meeting	Tim Wilson	Guildhall	Meeting to discuss shared due diligence on a formative investment opportunity in south west London
25 March	Big Society Capital	Meeting	Katie Hill	Fleet St	Discuss BSC vision and strategy on social investment in the UK
28 March	CAN Mezzanine	Meeting	Tim Wilson	Guildhall	Meeting to discuss an investment opportunity

This page is intentionally left blank

# Agenda Item 6

<b>Committee:</b> Social Investment Board	<b>Date(s):</b> 7 <sup>th</sup> April 2014
<b>Subject:</b> Progress Report	<b>Public</b>
<b>Report of:</b> Chief Grants Officer	<b>For Decision</b>
<b>Summary</b>	
<p>Officers are working to develop a new City Bridge Trust grants programme that will support more London charities to participate in the social investment market. The proposed scope of this programme is outlined in the paper and your views are sought.</p> <p>There are updates on the recruitment of the Social Investment Analyst, the Members' Handbook and the Officer Scheme of Delegations.</p> <p>Since your last meeting, and at the recommendation of the Deputy Chairman, officers have met Big Society Capital to discuss their new strategic direction. BSC would be happy to come and present to a forthcoming Social Investment Board meeting.</p>	
<b>Recommendation(s)</b>	
Members are asked to:	
<ul style="list-style-type: none"><li>• Note the report.</li></ul>	

## Main Report

### Developing the social investment market

1. City Bridge Trust launched its *Investing in Londoners* grants programmes in 2013, and these included a commitment to support London charities who were looking to participate in the social investment market.
2. Work to design this initiative began with market research into current social investment support provision and market gaps to identify where your grant-making and convening role can make the greatest difference. This research has been underway since shortly before Christmas and has involved three round-table discussions with other Trusts and Foundations, market intermediaries and charities (a total of 17 organisations) as well as several bilateral meetings. Your Chairman participated in one of the roundtable discussions.

3. As you know, your Fund is not able to take on high risk or highly subordinated positions in an investment, and therefore is only able to finance charities with a certain scale, track record and revenue generation profile.
4. Officers believe that City Bridge Trust, through its grant-making, could provide valuable additional support to charities who are at an earlier stage by establishing a “Transition Fund” which could offer both non-repayable and repayable financing for pilots, new ideas, products or business models, for higher risk / early stage, outcome focused initiatives, all of which are extremely short of appropriate finance. The shortage of finance in this space therefore acts as a barrier to the development of the social investment market.
5. The development of a “Transition Fund” would provide an opportunity to bridge the evident gap between grantees and investees. Officers are developing plans for a closed grant programme that would have four elements:
  - **Capacity building for charities and intermediaries:** to provide organisations with human, financial and strategic support as well as supporting access to appropriate expert intermediaries to enhance their overall investment readiness
  - **Pilot finance for better outcomes:** to pilot new ways of creating improved social outcomes in a specific sector, geography or outcome area; test out new ideas, new partnerships and ways of working as well as alternative ways of measuring complex outcomes
  - **Risk finance:** to provide first loss capital to qualifying organisations e.g. in the form of guarantee, underwriting, overdraft facility or other subordinated or concessionary positions within or in advance of an investment package.
  - **Evaluation** to encompass the quality of proposals submitted, the levels of take up, the extent to which grants attracted new investors and investees, the relevance of the priority areas given other market activity in development, and to track the progress of grantees beyond the financing period. The evaluation would also consider how, over time, the Transition Fund activities fit within City Bridge Trust’s overall grant programmes and its strategic role as grant making body.
6. It is intended that this programme, and the evaluation of its longer term effect on an organisation, will act as a much needed test bed of best practice and provide insight into risk levels. A full programme proposal for the proposed “Transition Fund” detailing mechanics and quantum will be submitted to City Bridge Trust Committee in May for approval.
7. It would be good to get the views of Members of the Social Investment Board to the ideas outlined above, and there will be an opportunity to discuss the proposed direction of travel during today’s meeting.



## **Staffing update**

8. As reported at your last meeting, we are recruiting a suitably qualified consultant to act as Social Investment Analyst. This individual would be based in both the Chamberlain's Department and City Bridge Trust, initially working 3 days per week, expected to rise to 4-5 days after 12 months as the number of investments under management grows. We anticipate the consultant will be engaged for 6-12 months and their work will inform the role description of the permanent appointment.
9. The Analyst would give your Fund valuable extra capacity to review the many formative proposals received, help negotiate terms favourable to the City of London, and shape the focus of the external investment appraisals.
10. We had hoped to appoint the Analyst in time for today's meeting. Unfortunately this has not been possible but we expect the Analyst to be well-established by your next meeting in July.

## **Members' Handbook**

11. The Social Investment Board Members' Handbook has been made available on the Corporation intranet and can be found here: <http://colnet/Departments/Town%20Clerks/Pages/About%20Us/Home.aspx>. We hope that Members find this a useful resource. If you have any recommendations for additional content do please let me know.

## **Chief Grants Officer and scheme of delegations**

12. At your last meeting you approved two delegations to me as Chief Grants Officer. The first enables me to enter into non-disclosure agreements with potential investees. The second allows me to approve any minor variations in investment terms with investees that had previously been approved by the Board where these do not materially impact on the charity's investment.
13. You asked that the delegation be included in the Officer Scheme of Delegations, and requested the Chief Grants Officer and Chief Legal Assistant to consult the Town Clerk on this. The point has been raised and is being examined by Town Clerk's at the moment. I will report back once I have further information.

## **Big Society Capital**

14. Following the recommendation of your Deputy Chairman, officers have made contact with Big Society Capital's Strategy and Market Development Director. BSC is consulting on its new strategy, and is due to finalise its direction by the summer when officers recommend a representative be invited to make a presentation to the Board.

**David Farnsworth**

Chief Grants Officer, City Bridge Trust

T: 020 7332 3713

E: [david.farnsworth@cityoflondon.gov.uk](mailto:david.farnsworth@cityoflondon.gov.uk)

# Agenda Item 7

<b>Committee:</b>	<b>Date:</b>	<b>Item No.</b>
Social Investment Board	7 <sup>th</sup> April 2014	
<b>Subject:</b> Update on work of the City Corporation's Social Investment Advisor	<b>Public</b>	
<b>Report of:</b> Director of Economic Development	<b>For Information</b>	
<b><u>Summary</u></b>		
<p>This report covers the major areas of activity of the Social investment Adviser (SIA) in developing the City Corporation's social investment strategy, in addition to her work on the City Corporation's social investment fund.</p> <p>Since your last meeting on February 26<sup>th</sup>, work has included:</p> <ul style="list-style-type: none"><li>• working on the development of the 'Transition Fund' with City Bridge Trust to create a high impact support programme for social sector organisations</li><li>• presenting the UK's experience in social investment to Ontario Government, Canada</li><li>• chairing a research council strategy meeting on social investment research priorities</li><li>• representing the City Corporation on the UK G8 taskforce</li><li>• representing the City Corporation on a panel at the first Global Social Enterprise Network meeting in Oxford</li></ul> <p><b>Recommendation</b></p> <p>Members are asked to:</p> <ul style="list-style-type: none"><li>• Note the report</li></ul>		

## **Main Report**

### **The City of London's Social Investment Strategy**

1. The work of the Social Investment Advisor (SIA) supports the City Corporation's Social Investment Strategy, under the leadership of the Policy & Resources Committee. The post is co-funded by Policy & Resources and City Bridge Trust Committees. The SIA advises City Bridge Trust's Chief Grants Officer on matters relating to the City Bridge Trust and the Social Investment Fund as well as the Director of Economic Development on delivery of the Strategy. The Strategy has the following aims:

- a) encouraging and steering a growing supply of appropriate finance into social investment (including establishing and developing the City Corporation's own £20 million Social Investment Fund);
  - b) working to improve the regulatory and fiscal framework needed to support the social investment marketplace; and
  - c) developing the capacity of social organisations to access investment and secure contracts and markets.
2. The overall aim is to work towards establishing London as a recognised global hub for social investment, as a driver of economic growth.

### Representational work

3. **The SIA was invited by the British Council, Toronto, Canada**, to present the UK's experience to date in social investment at a conference and a series of meetings. These were held with regional government ministers, J W McConnell foundation and the Canadian leading social innovation centre, MaRS. Experience in incubating social businesses and introducing Social Impact Bonds are likely topics for ongoing links.
4. **G8 taskforce UK National Group:** The SIA is representing the Chairman of Policy & Resources Committee at the UK group. This is carrying out in depth analysis into:
- a) corporate forms used by social enterprises and challenges for locking in the social mission;
  - b) required capacity building needed for the social enterprises, and
  - c) challenges around ensuring social outcomes are fully integrated into the procurement process.

The SIA will also represent the City Corporation on the capacity building working group (b). The first meeting scheduled for late April.

5. **Global G8 gathering in London in June:** all those involved globally on the G8 Taskforce (over 150 people) will meet in London in June. The Chairman of Policy and Resources Committee is due to attend as the City Corporation's representative on the Taskforce. This will set the agenda for the recommendations to be made in the final report of the year's work, to be presented in September.
6. **The Global Social Entrepreneurs Network** is another initiative launched at the inaugural G8 conference on social impact investment in 2012. It is due to hold its first meeting in Oxford in advance of the Skoll World Forum. The SIA will form part of a closing panel at this event, which focuses on the type of intermediary support required by social enterprises and how best to link the investors with investees.

### Social Investment Tax Relief

7. **Budget launch of the Social investment Tax Relief:** the 2014 Budget announced that a 30% tax relief would be made available to individuals providing unsecured debt or equity finance into registered social sector organisations with < 500

employees and < £15 million turnover. H M Treasury will be submitting an application to the European Commission to increase the limit imposed by EU State Aid rules on the value of investments eligible for tax relief (c £290,000 in any 3 year period). There is also further work to be done on the opportunity to allow for indirect investments in to social enterprises. The sector now seeks to identify the most suitable products and investors to ensure speedy take up of the relief.

8. **Social Investment Academy meeting at Guildhall:** Officers are working with Worthstone to plan the next event in the Social Investment Academy series. The round table will bring together selected independent financial and wealth advisors who have a clearly identified appetite for offering social investment opportunities to their clients, and to brief them on the details of the newly created Social Investment Tax Relief.

## Research

9. **Update on Social Investment Market Research Council's current research projects:**
  - a) the City Corporation is finalising a report on **potential new sources of supply of capital for social investment**. This will be published in April.
  - b) the SIA and Economic Development Office research team are working with Cabinet Office and legal experts to produce a **user friendly description of the Financial Promotions Order**, which maps out the impact and barriers it poses for social investment. This will be published later in the month.
10. **The Social Investment Market Research Council** held a seminar with its founder members (City Corporation, Cabinet Office, Big Society Capital, Big Lottery Fund, Citi bank) and interested parties, to create a prioritised list from over 25 suggested topics for future research projects. This event was chaired by the SIA.

## Market trends and issues

11. The role of corporates (including but not exclusively financial institutions) in the social investment agenda – both as purchasers of services from social enterprises within their supply chain and as generators of innovation and new ways of creating social as well as economic value – appears to be gaining momentum within the sector. Learning from international examples, connecting with the Corporate Responsibility experts and developing more transparent procurement processes will all play a part in this thinking.
12. **Shortage of institutional 'match' funders:** there are still not enough institutional investors to provide the match capital alongside Big Society Capital's (BSC) to fully capitalise and close the social investment funds; those institutions that are interested in social investment, tend to have created their own funds with support from BSC. This reduces the amount of money that is actually available for drawdown by the front line, even though BSC has made an investment commitment. BSC is now beginning to allow drawdown without match finance to overcome this hold-up.

13. **Difficulties in providing small ticket finance to social enterprises** when social investors prefer to make larger investment deals: the smaller ticket deals have high transaction costs, and often are providing financial return rates of c 1% net of costs and inflation: these are offering only capital preservation (and social returns). Most institutional investors prefer larger investment deals with a longer track record and higher net rates of financial return, even if offering considerable social returns. There is a shortage of grant or concessionary finance to help meet this market need, and this creates a logjam in the social investment marketplace.
14. **City Bridge Trust's 'Transition' Fund** will aim to address this market gap by providing grants to charitable organisations which aim to take on social investment eventually, but which need to test their ideas, to develop a pilot or build their business case. The use of the Transition Fund should play a very important and timely role through the provision of this type of finance. Please see Chief Grants Officer paper for further details on this new grants programme.

**Contact:**

Paul Sizeland

Director, Economic Development, x 3600

paul.sizeland@cityoflondon.gov.uk

# Agenda Item 11

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank



# Agenda Item 12

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

# Agenda Item 13

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

# Agenda Item 14

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank



# Agenda Item 15

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

Document is Restricted

This page is intentionally left blank