

SOCIAL INVESTMENT BOARD

Wednesday, 3 June 2015

Minutes of the meeting of the Social Investment Board held at the Guildhall EC2 at 11.30 am

Present

Members:

Henry Colthurst

Alderman Peter Hewitt

Deputy Robert Howard

Jeremy Mayhew

In Attendance:

Alderman Alison Gowman

Officers:

Philippa Sewell

Town Clerk's Department

Kate Limna

Chamberlain's Department

Anne Pietsch

Comptrollers and City Solicitor's Department

David Farnsworth

City Bridge Trust

Tim Wilson

City Bridge Trust

Martin Hall

The City Bridge Trust

Damian Nussbaum

Director of Economic Development

Peter Cunnane

Economic Development Office

Russ Bublely

i-for-change (Social Investment Analyst)

Jeff Dober

FSE Group

Mark Bickford

FSE Group

1. APOLOGIES

Apologies were received from Nick Bensted-Smith, Roger Chadwick and Wendy Hyde.

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

Alderman Hewitt declared a non-pecuniary interest by virtue of FSE having a joint venture with a company he owned. This venture was dissolved in January.

3. APPOINTMENT OF THE SOCIAL INVESTMENT BOARD:-

The Town Clerk advised of two clarifications to the co-option protocol: to correct an omission at paragraph 3(a) and to clarify that any co-optees would be subject to duty of confidentiality at paragraph 9.

RESOLVED – That the composition, quorum, Membership, terms of reference and co-option protocol be noted.

4. **ELECTION OF CHAIRMAN**

Members were invited to elect a Chairman in accordance with Standing Order 29. A list of Members eligible to stand was read out and Alderman Peter Hewitt, being the only Member indicating his willingness to serve, was declared to have been elected for the ensuing year.

5. **ELECTION OF DEPUTY CHAIRMAN**

Members were invited to elect a Deputy Chairman in accordance with Standing Order 30. A list of Members eligible to stand was read out and Deputy Robert Howard, being the only Member indicating his willingness to serve, was declared to have been elected for the ensuing year.

The Chairman welcomed Henry Colthurst and Nick Bensted-Smith, in his absence, as new Members of the Board, and thanked outgoing Members Andrew McMurtrie and the Revd Dr Martin Dudley.

6. **MINUTES**

RESOLVED – That the public minutes and non-public summary of the meeting held on 4 February 2015 be approved as a correct record.

Matters Arising

Investment Committee Membership

The Town Clerk confirmed that the proposal to make the Chairman of the Board an ex-officio Member of the Investment Committee had been met favourably. In the meantime, the Chairman could seek appointment from the Policy and Resources Committee as there were still three vacancies.

7. **PROGRESS REPORT**

The Chief Grants Officer introduced a progress report on social investment activity within the Corporation.

Stepping Stones Fund

The Principal Grants Officer reported that 41 applications had been received and, following a review of their submitted business plans and panel interviews in March and April, the Trust had short-listed 17 organisations which were approved by the Chairman and Deputy Chairman of the City Bridge Trust Committee. Each organisation sought grant funding of £10,000 - £50,000 and had a combined total of slightly less than £700,000.

The Chairman of the City Bridge Trust Committee confirmed the high standard of applications received, and advised that, in principle, he thought there would be enough demand for this exercise to be repeated. In response to Members' queries regarding how the long-term success of the Fund would be measured, officers advised that quarterly monitoring was a requirement of the grants and the follow-up activities of the organisations would be reported to the Board for information.

Right to Buy

The Chief Grants Officer advised that his officers would continue to monitor any new legislation on the extension of Right to Buy to housing association tenants

and would present a report on the risks to current investments and the possible impact for the future in due course.

Social Investment Research

The Chief Grants Officer advised that the City of London Corporation would publish “Developing a Global Financial Centre for Social Impact Investment” in June 2015. This would focus on the role London might play in becoming a “global social investment hub”, including a series of practical recommendations for policy makers and organisations. Members requested an update on the research findings at their September meeting.

Investment Pipeline

Members noted that regular informal meetings between officers and the Chairman and Deputy Chairman would begin taking place in between formal Board meetings to allow for closer engagement and direction regarding possible investment proposals.

8. PRESENTATION FROM THE FSE GROUP

The Board received a presentation from Jeff Dober (Head of Social Impact Funds) and Mark Bickford (Senior Fund Manager) from the FSE Group, after which Members of the Board had the opportunity to ask questions.

Mr Dober advised that the FSE Group was a social enterprise with a long history of impact lending. They are an FCA-Authorised fund management, training and consultancy organisation working to develop small and medium enterprises through various funds over the past few years. Members noted that the FSE Group had a blended ethos between financial, social and economic objectives, and an active interest in the social investment sector. Mr Dober stated that most referrals to them were suitable for investment, though the majority needed further development first, and approximately 20% of demand was unsuitable.

Mr Dober discussed the current social sector market, which was a key component of the UK economy estimated at £24billion Gross Value Added. Members noted the FSE’s Social Impact Accelerator (SIA) which provided flexibly-structured loan finance to ambitious social sector organisations, and Mr Bickford detailed a case study of a London-based organisation which provided apprenticeships in construction for disenfranchised young people. In response to Members’ queries, Mr Dober advised that, arguably, there was a trade-off between financial and social return, as organisations were often incurring additional costs by delivering work that purely commercial organisations in the same sector were not doing. This would result in different issues being factored in to the business model and in overheads. Ultimately, the market was trying to encourage the development of creative and sustainable business models to maximise both, and, the Chairman added, this was why the City of London Corporation was keen to develop a universal approach to social impact measurement.

The Chairman thanked Mr Dober and Mr Bickford for their presentation.

RESOLVED – That the presentation be noted.

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

In response to a Member's question regarding previous investments, the Chairman advised that, owing to the Fund's fiduciary and reputational duties, capital preservation was crucial.

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

There was no other business.

11. **EXCLUSION OF THE PUBLIC**

RESOLVED – That under Section 100(A) 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 1 of Schedule 12A of the Local Government Act.

Item No.	Exempt Paragraphs
12-14	3
15-16	-

12. **NON-PUBLIC MINUTES**

RESOLVED – That the non-public minutes of the meeting held on 4 February 2015 be approved as a correct record.

13. **PORTFOLIO UPDATE**

The Board considered a report of the Chief Grants Officer.

14. **INVESTMENT PROPOSAL: HCT GROUP**

The Board considered a report of the Chief Grants Officer.

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

There were no questions.

16. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

There was no other business.

The meeting closed at 12.52 pm

Chairman

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