



Social Investment Board

Date: WEDNESDAY, 3 JUNE 2015
Time: 11.30 am
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members: Roger Chadwick
Henry Colthurst
Alderman Peter Hewitt
Deputy Robert Howard
Wendy Hyde
Jeremy Mayhew
Vacancy (to be filled by the Financial Investment Board)

Enquiries: Philippa Sewell
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Lunch will be served in the Guildhall Club at 1pm
NB: Part of this meeting could be the subject of audio or video recording

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. **APPOINTMENT OF THE SOCIAL INVESTMENT BOARD:-**
 - a) Resolution of the Investment Committee of 14 May 2015;
 - b) Note of the Town Clerk setting out the composition, quorum and terms of reference of the Board;
 - c) Membership of the Social Investment Board 2015/16; and
 - d) Co-option protocol for the Financial, Property and Social Investment Boards.

For Decision
(Pages 1 - 8)
4. **ELECTION OF CHAIRMAN**

To elect a Chairman pursuant to Standing Order No. 29.

For Decision
5. **ELECTION OF DEPUTY CHAIRMAN**

To elect a Deputy Chairman pursuant to Standing Order No. 30.

For Decision
6. **MINUTES**

To agree the public minutes and non-public summary of the meeting held on 4 February 2015.

For Decision
(Pages 9 - 12)
7. **PROGRESS REPORT**

Report of the Chief Grants Officer.

For Information
(Pages 13 - 16)
8. **PRESENTATION FROM THE FSE GROUP**

For Information
9. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
10. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
11. **EXCLUSION OF THE PUBLIC**

MOTION - That under Section 100(A) of the Local Government Act 1972, the public be excluded from the meeting for the following items on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

Part 2 - Non-Public Agenda

12. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the meeting held on 4 February 2015.
For Decision
(Pages 17 - 18)
13. **PORTFOLIO UPDATE**
Report of the Chief Grants Officer.
For Information
(Pages 19 - 40)
14. **INVESTMENT PROPOSAL: HCT GROUP**
Report of the Chief Grants Officer.
For Decision
(Pages 41 - 90)
15. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
16. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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Agenda Item 3

TO: **Social Investment Board**

3 June 2015

FROM: **Investment Committee**

14 May 201

4. **APPOINTMENT OF BOARDS**

The Town Clerk sought Members' approval on the composition and frequency of meetings of the Committee's Boards.

RESOLVED – That the composition and frequency of meetings for the Committee's Boards be agreed and the terms of reference be approved.

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Social Investment Board Terms of Reference

All nominees must be Members of the Court of Common Council.

Quorum

The quorum consists of any 3 Members.

Terms of Reference

The terms of reference for the Social Investment Board shall be as follows:-

- a) to approve criteria for social investments and to authorise social investments in accordance with such criteria
- b) to approve the appointment of and monitor the performance of independent advisors tasked with undertaking due diligence of investment proposals; and
- c) all of the above to be consistent with the strategic investment policies determined by the Policy and Resources Committee and the Investment Committee.

There is provision within Standing Orders to enable the Chairman of the Social Investment Board to report on and speak to their activities and responsibilities in the Court of Common Council and to ensure that any decisions are taken without undue delay.

***Note on the Chairmanship**

The Social Investment Board shall elect annually a Chairman and a Deputy Chairman from amongst all of its Members (including ex-officio Members who shall also have the power to vote in such elections) with the exception of any co-opted people.

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Social Investment Board Membership 2015/2016

Alderman Peter Hewitt	Nominee of the Chairman of the Policy & Resources Committee
Roger Chadwick	Chairman of the Finance Committee
Jeremy Mayhew	Chairman of the City Bridge Trust Committee
Deputy Robert Howard	Chairman of the Financial Investment Board
TBC	One Member of the Financial Investment Board
Henry Colthurst* Wendy Hyde*	Two Members elected by Court of Common Council on 23 April 2015

** One of whom shall have fewer than five years' service on the Court at the time of their appointment.*

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Protocol for co-option to the Financial Investment Board, the Property Investment Board and the Social Investment Board

1. The Financial Investment Board, the Property Investment Board and the Social Investment Board are empowered to co-opt people with relevant expertise or experience, including non-Members of the Court of Common Council, to assist in their deliberations.
2. The arrangements for co-option and the co-opted membership of individuals to the Financial Investment Board, the Property Investment Board and Social Investment Board will be reviewed on an annual basis at the May meeting of the Investment Committee (and thereafter at the first meetings of the respective Boards).
3. When suggesting individuals with relevant expertise or experience for co-option, Members of the Financial Investment Board, the Property Investment Board or the Social Investment Board will be required to:-
 - a. send a written request for co-option to the Town Clerk, specifying whom it is proposed should be co-opted to either the Financial Investment Board or the Property Investment Board and the reasons for their co-option;
 - b. send a CV or supporting statement, for the individual being suggested for co-option, to the Town Clerk. Bearing in mind the Board's terms of reference, the letter and supporting statement or CV should demonstrate the individual's relevant skills and experience.
4. For the Standards Committee, is it considered inappropriate for past Members of the Court of Common Council or former City Corporation employees to be eligible to serve as [independent] outside members and Members will need to consider if the same conditions should apply in respect of co-option to the Financial Investment Board, the Property Investment Board and Social Investment Board. It would be inappropriate for a close friend or relative of any Member or officer to serve or indeed an employee of any organisation of which the City Corporation is a client.
5. The Town Clerk will consult the relevant Chief Officer to discuss the co-option request and will, if necessary, prepare a report for the next meeting of the respective Board. Members of the respective Board will then be asked to consider the co-option request.
6. Unless co-option is time-banded or topic/project restricted, co-opted Members of the Financial Investment, the Property Investment Board and Social Investment Board will be entitled to attend all meetings of the respective Board for a maximum of 12 months (prior to the annual review in May) and to receive all committee-related documentation, including exempt papers, unless otherwise determined by the Town Clerk in consultation with the relevant Chief Officer.

7. The Financial Investment Board, the Property Investment Board and the Social Investment Board are empowered to approve their own co-opted membership (majority vote) without prior consultation with, or agreement by, the Investment Committee. The Town Clerk will inform the Chairman and Deputy Chairman of the Committee once a Board has agreed co-option of an individual.
8. Co-opted Members would not have voting rights.
9. Co-opted Members of the Financial Investment Board, the Property Investment Board and Social Investment Board will be required to complete a Register of Interest form and declare personal and prejudicial interests when in attendance at meetings.

SOCIAL INVESTMENT BOARD

Wednesday, 4 February 2015

Minutes of the meeting of the Social Investment Board held at the Guildhall EC2 at 1.45 pm

Present

Members:

Alderman Peter Hewitt (Chairman) Jeremy Mayhew
Deputy Robert Howard (Deputy Chairman) Andrew McMurtrie
Wendy Hyde

Officers:

Philippa Sewell	Town Clerk's Department
Kate Limna	Chamberlain's Department
Karen McHugh	Comptroller & City Solicitors
David Farnsworth	The City Bridge Trust
Tim Wilson	The City Bridge Trust
Martin Hall	The City Bridge Trust
Peter Cunnane	Economic Development Office

Russ Bublely i-for-change (Social Investment Analyst)

1. **APOLOGIES**

Apologies were received from Roger Chadwick and the Revd. Dr Martin Dudley.

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

Jeremy Mayhew declared a non-pecuniary interest in item 4 by virtue of being a Senior Adviser for PwC.

3. **MINUTES**

RESOLVED – That the public minutes and non-public summary of the meeting held on 12 December 2014 be approved as a correct record.

4. **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 40 applications had been received totalling £1.7m. These were currently being assessed, with some being rejected and some asked to provide further information. Members noted that the City Bridge Trust Committee would consider recommendations for funding at their meeting in June 2015. In response to Members' questions, the Principal Grants Officer responded that there were three strands for applications: capacity

building, outcome mapping and risk finance. He advised that the majority of the applications had been received under the first strand, with only a small number received for the latter.

Work of the Economic Development Office (EDO)

The City Affairs Officer reported that PwC has been commissioned to conduct the EDO's research project to examine London's potential to act as a global hub for social investment. Interview requests were being sent out, and a report was expected to be published in May 2015.

Social impact

Eva Varga, an independent consultant engaged with the social investment market at a European level, took the Board through her paper on social impact measurement. Members noted that, although there was an aspiration to find a standardised measurement for social impact, there were significant difficulties in comparing the impact of different types of social investment and developing a universal assessment would be a long process.

Members discussed the potential trade-off between financial and social benefits from investments, and Ms Varga advised that a win-win situation could be achieved through compromise. Within the Board's overall portfolio, some investments would maximise both, whereas others would prioritise one over the other. Members discussed the investments in the context of the SIB portfolio overall and agreed that comparing financial and social return against risk would be a valuable tool for the future.

Job Description for Co-Opted Members

Members revised the wording of the job description, and agreed that it would be advertised externally and to the Court of Common Council at the same time, with no requirements for a certain number of internal or external appointments. After a short discussion, Members confirmed these should be co-opted Members and as such would have no voting rights; this would be stated in the job description.

RESOLVED – That:

- (a) A job description for co-opted Board Members be approved subject to the amendments suggested;
- (b) An informal discussion be held for Members and officers to consider social impact measurement; and
- (c) That the report be noted.

5. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD

There were no questions.

6. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

Investment Committee Membership

Members noted and approved of the Investment Committee Chairman's consideration of a proposal to change the Grand Committee's Membership to include the Chairman of the Social Investment Board as an Ex-Officio Member.

RESOLVED – That the Town Clerk review options to formalise the change in Membership of the Investment Committee.

Global Social Venture Conference

The Chairman reported that he would be a Panel Member for the Global Social Venture conference later in the month.

7. **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
8-9, 11	3
10	-

8. **NON-PUBLIC MINUTES**

RESOLVED – That the non-public minutes of the meeting held on 12 December 2014 be approved as a correct record.

9. **PORTFOLIO UPDATE**

The Board considered a report of the Chief Grants Officer.

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

There was one question.

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

There was one other item of business.

The meeting closed at 3.05 pm

Chairman

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Committee:	Date:
Social Investment Board	03/06/2015
Subject: Progress Report	Public
Report of: Chief Grants Officer	For Information

Summary

The report:

- introduces speakers from the FSE Group at today's meeting;
- provides an update on City Bridge Trust's Stepping Stones grants programme for London charities exploring the social investment market;
- introduces the investment proposal from HCT Group and this organisation's funding history with the City Bridge Trust;
- notes the forthcoming review of the Fund's financial targets;
- comments on the possible extension of Right to Buy to housing associations and the impact this might have on your portfolio;
- provides an update on the social investment research commissioned by the City of London from PwC; and
- provides an update on progress to co-opt new Members to the Social Investment Board.

Recommendation

Members are asked to:

- Note the report.

Main Report

The FSE Group

1. Members will be joined today by Jeff Dober (Head of Social Impact Funds) and Mark Bickford (Senior Fund Manager) from the FSE Group, a fund management, training and consultancy organisation working to develop small and medium enterprises. FSE Group has an active interest in the social investment sector and has received investment from Big Society Capital for its work. Jeff and Mark will talk about FSE's market development activities and, having provided the due diligence for the HCT Group investment proposal in your papers, will be available for discussion of that item.

Stepping Stones Fund

2. City Bridge Trust launched the Stepping Stones Fund in November 2014. This £1m grants programme was designed to encourage London-focused charitable organisations to engage with the social investment market. The Trust received 41 applications from organisations seeking funding to build their capacity or pilot outcomes as preparation for taking on social investment. Applicants represented a diverse range of London-based charities operating across a wide span of activity, from homelessness to organic food production, and from renewable energy generation to youth education.
3. 30 were long-listed and invited to submit more detailed business plans. Applicants had the opportunity to receive telephone coaching from the Trust in order to help them make the strongest possible case for their work. The Trust benefited from partnership support from UBS for this programme. UBS offered venues for various stages of the selection process as well as a significant number of their staff for volunteers support with screening, interviews and applicant coaching.
4. Following a review of business plans and panel interviews in March and April the Trust short-listed 17 organisations, each seeking grant funding at levels between £10,000 - £50,000 and with a combined 'ask' of slightly less than £700,000. These proposals are with the Chairman and Deputy Chairman of City Bridge Trust for decision and there will be a verbal update at your meeting.
5. This has been the Trust's first major market-development initiative and an evaluation of the programme is underway. Our initial findings are that: UBS has been an excellent partner and shown interest in future collaboration; applicants benefited from opportunities for early feedback on ways to sharpen and improve their applications; unsuccessful applicants benefited from advice on alternative sources of support; the programme is resource intensive and requires significant time to run well; there is merit in running at least one future round.

Investment Proposal

6. Today's papers include an investment proposal from the HCT Group. This organisation, formerly known as Hackney Community Transport, was one of the first charities funded by City Bridge Trust. In November 1995 the Trust awarded £79,350 to purchase three fully accessible minibuses for use by organisations working with elderly and disabled people in Hackney. Today, HCT Group is a social enterprise 'success story' having grown its business through winning contracts for a wide range of transport services across England and the Channel Islands. HCT maintains its community transport service, and I'm delighted that one of the Trust's early grantees is now in a position to return to the City for social investment.

Investment Criteria

7. Initial investment criteria for the Fund were approved by the Court of Common Council on 25th October 2012, with additional criteria agreed at the Social Investment Board's first meeting on 14th December 2012. At your meeting on 23rd April 2013 you set the following financial target for the Fund:

*“The Social Investment Board should seek **a total** return equivalent to the CPI inflation rate (2.7%) on the day when the £20m allocation was made (25 October 2012) and that the individual investments should seek a return which at least matches the average cash rate achievable on that date (2%).”*

8. In line with the usual term for assessing the performance of other City investments it was agreed that the financial target would be reviewed and (if necessary) revised on its third anniversary. This would be late 2015 and so Members will receive a proposal at the September meeting.

Right to Buy Risk

9. Following a question raised at Investment Committee in January, officers tabled a short note at their meeting on 14th May on the risk Right to Buy posed to the City of London Corporation Social Investment Fund.
10. Right to Buy currently allows certain categories of council house tenant to buy the property they live in at substantial discount (£77,000 - £102,700). The Right to Buy applies where the property is: self-contained, the tenant's only or main home, where the prospective buyer has a secure tenancy (i.e. the right to live in the property for the rest of their life so long as they abide by the rules of the tenancy agreement) and where the landlord is a public sector body.
11. At present none of the City of London Corporation's Social Investment Fund's holdings are subject to risk of impairment as a result of right to buy. Where investments are in residential property ventures, the landlords are charitable rather than public sector, and secure tenancies are not used.
12. Members will be aware that the 2015 Conservative Party manifesto included a pledge to extend Right to Buy to housing association property. The manifesto did not make clear whether the same discounts and eligibility criteria that apply to local authority homes would apply to this extension of Right to Buy and in the absence of such detail it is hard to quantify the risks this may pose to holdings in the City of London's social investment fund.
13. Officers are liaising with the Remembrancer's team to monitor any new legislation in this space and will advise Members of the Board accordingly.

Social Investment Research

14. The City of London Corporation will publish “Developing a Global Financial Centre for Social Impact Investment” in June. This report, which the City has commissioned from PwC will consider what is needed to create a ‘global

social investment hub' and how such a centre might fuel market growth. We expect the report to focus much of its analysis on the role London might play, identifying its strengths and weaknesses in becoming such a centre. The report will present a series of practical recommendations for policy makers and organisations.

15. We will circulate copies of the report to Members following publication. If it would be of interest, your September meeting could include a briefing on the research findings and how the City of London might act on these.

Co-opted Members

16. You approved a job description for co-opted Board Members at your meeting on 4th February and recommended that this be advertised via the Cabinet Office's Public Appointments website. Some difficulties engaging the Cabinet Office together with the interruption of the election period mean that officers have not yet advertised the role but hope to do so shortly and will advise Members accordingly.

Appendices

None

David Farnsworth

Chief Grants Officer, City Bridge Trust

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of the Local Government Act 1972.

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