

SOCIAL INVESTMENT BOARD

Friday, 18 September 2015

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

Present

Members:

Alderman Peter Hewitt (Chairman) Wendy Hyde
Deputy Robert Howard (Deputy Chairman) Jeremy Mayhew
Henry Colthurst

Officers:

Philippa Sewell Town Clerk's Department
David Farnsworth City Bridge Trust
Tim Wilson City Bridge Trust
Martin Hall The City Bridge Trust
Kate Limna Chamberlain's Department
Karen McHugh Comptroller & City Solicitors
Philip Saunders Remembrancer's Department

Russ Bubleby i-for-change (Social Investment Analyst)
John Kingston Social Finance
Alice Millest Social Finance

Sandeep Bhamra JP Morgan
Ali El Idrissi JP Morgan

In Attendance:

Tim Haywood Master Mercer
Trevor Sykes Head of Finance, Mercers' Company

1. APOLOGIES

Apologies were received from Roger Chadwick and Nicholas Bensted-Smith.

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

Jeremy Mayhew declared a non-pecuniary interest in item 5 by virtue of being a Senior Adviser at PwC.

3. MINUTES

RESOLVED – That the public minutes and non-public summary of the meeting held on 3 June 2015 be agreed as a correct record.

4. CHARITIES (PROTECTION AND SOCIAL INVESTMENT) BILL

The Board received a report of the Remembrancer regarding the Charities (Protection and Social Investment) Bill. Members noted that the Bill proposed

greater powers for the Charity Commission to address misconduct by trustees, and gave charities new power to make social investments. Members also noted that although the latter affected this Board by virtue of its impact on the social investment market as a whole, it did not affect Bridge House Estates monies as this social investment components of the Bill did not apply to charities established by Royal Charter or by legislation, and were therefore exempt.

RESOLVED – That the report be noted.

5. PRESENTATION FROM JP MORGAN

The Board received a presentation from Sandeep Bhamra (Executive Director and Client Advisor in the Endowments & Foundations Group) and Ali El Idrissi (Vice President in J.P. Morgan's Social Finance Group) from J.P. Morgan, after which Members of the Board had the opportunity to ask questions.

Mr El Idrissi gave an overview of the work JP Morgan was doing in the social investment market, and introduced 'impact investing', a way to bridge traditional investing and philanthropic activities. Mr El Idrissi confirmed that the global social investment market was relatively small, but conversations were ongoing to promote opportunities to unlock further capital and develop the market. In response to a Member's question, Mr El Idrissi advised that Europe, particularly northern Europe, had a stronger social investment market than Northern America, which was more focussed on philanthropy targeted to business solutions.

With regard to the issue of trade-off between financial and social return, Mr El Idrissi advised that it was not productive question. Instead, if a company wanted to invest in company providing a particular social impact, they should do that with little or no regard to alleged trade-offs between social impact and financial return. Board Members accepted this might be true for larger organisations such as JP Morgan, but highlighted the aims of the City of London Corporation's Social Investment Fund and the need to ensure appropriate balance given the fiduciary duty of City of London as Trustee. Investments could be made into companies with a large social impact and small financial return, but this was part of portfolio management rather than a stand-alone investment.

Mr El Idrissi concluded that JP Morgan would welcome a closer working relationship with the Corporation, and the Board asked officers to continue these discussions outside of the meeting. The Chairman thanked Mr Bhamra and Mr El Idrissi for their presentation.

Master Mercer, Mr Tim Haywood, and Head of Finance at the Mercers' Company, Trevor Sykes, thanked the Chairman for the opportunity to attend the meeting, and advised Board Members that the Mercers' Company was looking to become involved in social investment market. Although this was a new venture for them, the Mercers were looking to forge links with the City of London Corporation and learn from their experiences.

RESOLVED – That the presentation be noted.

6. PROGRESS REPORT

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

Stepping Stones

The Chief Grants Officer reminded Members of an event in the Livery Hall on 23rd September where City Bridge Trust, UBS and one of the Stepping Stones grantees will speak about their respective plans for the future.

Membership of Board

Members noted that, following the skills audit, co-option vacancies were being advertised via Big Society Capital, City Bridge Trust and a number of partner networks. The opportunity would also be promoted to Members of the Court.

Investment Criteria

The Chief Grants Officer advised of the difficulty officers had faced finding suitable London-focused opportunities, and noted that £9.2m remained on this allocation. Officers proposed that a report be presented to the Court of Common Council on 15th October providing an end year summary on the Fund and asking permission to combine the London and UK allocations, giving the Fund a total allocation of £18m for the UK. Members agreed with this approach but felt strongly that this should be for a trial period, during which preference still be given to London-focussed investments where possible, and after which the Board would review its success.

City of London Corporation and PwC

Commissioned by the City of London Corporation, PwC had published its research report, "Developing a global financial centre for social impact investment" on 24th June 2015. In response to Members' questions, the City Affairs Officer advised there was no formal launch scheduled, but undertook to look into this and a planned dissemination of the research insights and conclusions.

RESOLVED – That:

- (a) authority be delegated to the Town Clerk in consultation with the Chairman and Deputy Chairman to approve the Court report requesting permission to combine the London and UK allocations;
- (b) the City Affairs Officer investigate options for a formal launch and subsequent communication of the PwC research; and
- (c) the report be noted.

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

There were no questions.

8. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was no other business.

9. **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
10-13	3
14-15	-

10. **NON-PUBLIC MINUTES**

RESOLVED – That the non-public minutes of the meeting held on 3 June 2015 be agreed as a correct record.

11. **PORTFOLIO UPDATE**

The Board considered a report of the Chief Grants Officer.

12. **INVESTMENT REVIEW: GLASGOW TOGETHER 2015 BOND**

The Board considered a report of the Chief Grants Officer.

13. **INVESTMENT REVIEW: GOLDEN LANE HOUSING 2014 BOND**

The Board considered a report of the Chief Grants Officer.

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

There were no questions.

15. **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 1.01 pm

Chairman

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