

SOCIAL INVESTMENT BOARD

Tuesday, 12 July 2016

Minutes of the meeting of the Social Investment Board held at Committee Rooms, 2nd Floor, West Wing, Guildhall on Tuesday, 12 July 2016 at 11.30 am

Present

Members:

Nicholas Bensted-Smith	Jeremy Mayhew
Henry Colthurst	Andrew McMurtrie
Elizabeth Corrado (Co-Opted Member)	Laura Tumbridge (Co-Opted Member)
Alderman Alison Gowman	

Officers:

Philippa Sewell	- Town Clerk's Department
Kate Limna	- Chamberlain's Department
Karen McHugh	- Comptroller & City Solicitors
David Farnsworth	- City Bridge Trust
Tim Wilson	- City Bridge Trust
Martin Hall	- City Bridge Trust
Neha Chandgothia	- City Bridge Trust
Russ Bubley	- i-for-change (Social Investment Analyst)

In Attendance

James Perry	- Panahpur
Alice Millest	- Social Finance
John Medley-Hallam	- Social Finance

1. APOLOGIES

Apologies were received from Alderman Peter Hewitt, Tim Haywood and Wendy Hyde.

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

There were no declarations.

3. APPOINTMENT OF THE SOCIAL INVESTMENT BOARD:-

The Board received the composition, quorum, terms of reference, membership and co-option protocol for the Board.

RESOLVED – That the composition, quorum, Membership, terms of reference and co-option protocol be noted, and the co-optees be approved for the ensuing year.

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 Henry Colthurst, being the only Member indicating his willingness to serve, was declared to have been elected for the ensuing year.

The Deputy Chairman (in the Chair) welcomed Alderman Alison Gowman as a new member of the Board, and thanked outgoing member Roger Chadwick.

6. **MINUTES**

RESOLVED – That the public minutes and non-public summary of the meeting held on 1 March 2016 be agreed as a correct record.

7. **PRESENTATION FROM PANAHPUR**

The Board received a presentation from James Perry, Chief Executive of Panahpur, after which Members of the Board had the opportunity to ask questions.

Mr Perry gave an overview of his experiences within the social investment market and how he had approached it through both business and charitable foundation perspectives. He advised that the financial system's exclusive focus on maximising shareholder return ignored the possible social and environment costs arising from investments. This narrowed the parameters within which charities were able to operate, but that this had been widened through 'Charity and Investment Matters, a Guide for Trustees' (CC14), which confirmed that trustees could invest ethically, sustainably, for a financial return, to achieve charitable aims, or for a mix of all or any of these. Mr Perry advised that social investment was an evolving field, with movement to create social value and shareholder return without an asset lock. In response to Members' questions, Mr Perry confirmed that his company, COOK, had certified as a B Corp in 2013.

A Member queried the effectiveness of the B Corp movement against the traditional approach of making financial decisions based purely on financial grounds, and then distributing wealth in the form of grants to avoid any trade-off between financial and social return. Mr Perry agreed that there would be tensions between short term and long term benefits, but advised that the B Corp movement sought to combine social and financial goals through robust alignment and structure. If this could be done, then these companies' solutions could be scaled up as they could attract and efficiently allocate capital.

Members discussed CC14 in more detail, noting charities invested to further their charitable aims through financial investment (to maximise financial interest), mixed motive investment (to make risk adjusted return as well as social impact), or programme related investment (to maximise social impact), and there were specific legal duties and decision making processes attached to each. In response to a Member's question, Mr Perry advised that social investment was experiencing a paradigm shift. Nevertheless he felt that it would

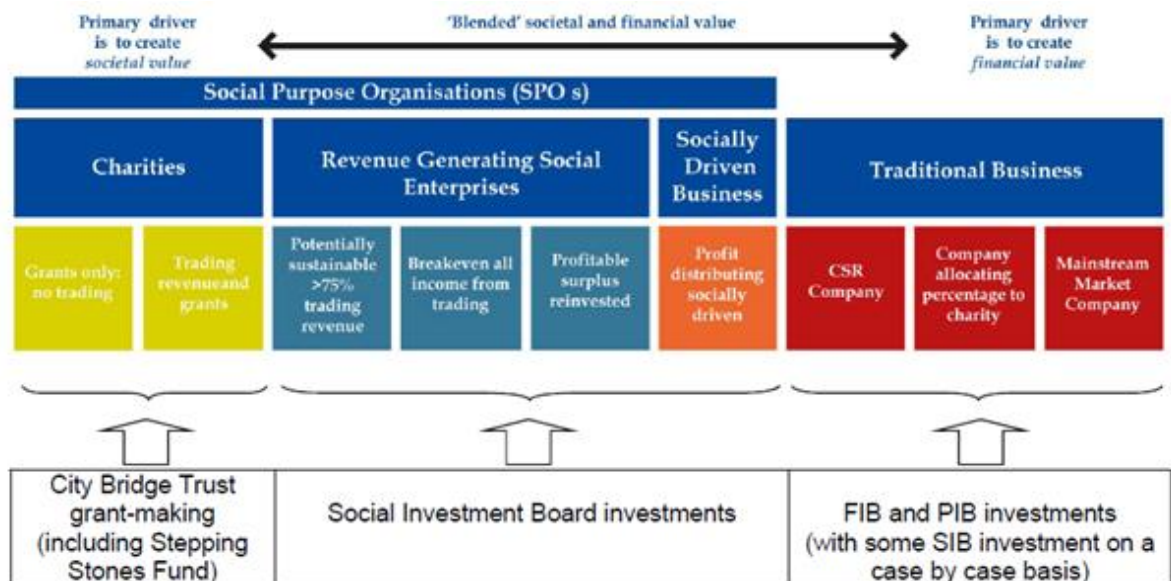
take time for there to be a material change from the past tendency of business-focused companies to be concerned that social investments would result in a lack of focus, and that social-focussed organisations to be concerned about greenwashing (i.e. claiming to be socially or environmentally-friendly when not). The B Corp movement foresaw a holistic way of operating, but there were numerous structural and cultural barriers to overcome.

The Chairman thanked Mr Perry for his presentation.

8. PROGRESS REPORT

The Chief Grants Officer introduced a progress report on social investment activity within the Corporation. Members noted that a long list of social investment advisors had been drawn up, which would be whittled down to a short list for the Chairman and Deputy Chairman to interview before being put to the Board for approval. With regard to Stepping Stones, Members noted that a more detailed report would be received once more grantees had completed the process and more information was available.

Members discussed the outcomes and actions from the Away Day. With regard to priority areas for London, although some programme themes could be discounted owing the lack of social investment opportunity, more information was needed before the Board could make material tangible progress. Members agreed that this would benefit from the wider work being carried out in relation to City Bridge Trust’s Quinquennial Review, and agreed that officers should focus on the question of risk appetite in time for the next meeting. Members also discussed the diagram below (based on EVPA’s work) illustrating the spectrum of opportunities and where the Corporation was involved. They requested an amendment to the diagram to clarify that SIB investments prioritised financial return and capital preservation over “impact”:



RESOLVED – That the report be noted, and a follow-up report regarding risk appetite be presented at the Board’s next meeting.

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 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 1 March 2016 be agreed as a correct record.

The Town Clerk advised that a non-public decision had been taken under delegated authority since the last meeting.

13. **INVESTMENT REVIEW**

The Board considered a report of the Chief Grants Officer.

14. **PORTFOLIO UPDATE**

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 ended at 12.51 pm

Chairman

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