



Social Investment Board

- Date:** WEDNESDAY, 14 SEPTEMBER 2016
- Time:** 11.30 am
- Venue:** COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL
- Members:** Alderman Peter Hewitt (Chairman)
Henry Colthurst (Deputy Chairman)
Nicholas Bensted-Smith
Wendy Hyde
Alderman Alison Gowman
Jeremy Mayhew
Andrew McMurtrie
- Co-Optees:** Elizabeth Corrado
Tim Haywood
Laura Tumbridge
- Enquiries:** Philippa Sewell
tel. no.: 020 7332 1426
philippa.sewell@cityoflondon.gov.uk

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. **MINUTES**
To agree the public minutes and non-public summary of the meeting held on 12 July 2016.

For Decision
(Pages 1 - 4)
4. **PROGRESS REPORT**
Report of the Chief Grants Officer.

For Decision
(Pages 5 - 36)
5. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
6. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
7. **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

8. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the meeting held on 12 July 2016.

For Decision
(Pages 37 - 40)
9. **INVESTMENT REVIEW**
Joint report of the Chamberlain and the Chief Grants Officer.

For Decision
(Pages 41 - 64)
10. **PORTFOLIO UPDATE**
Report of the Chief Grants Officer.

For Decision
(Pages 65 - 110)
11. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
12. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**

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

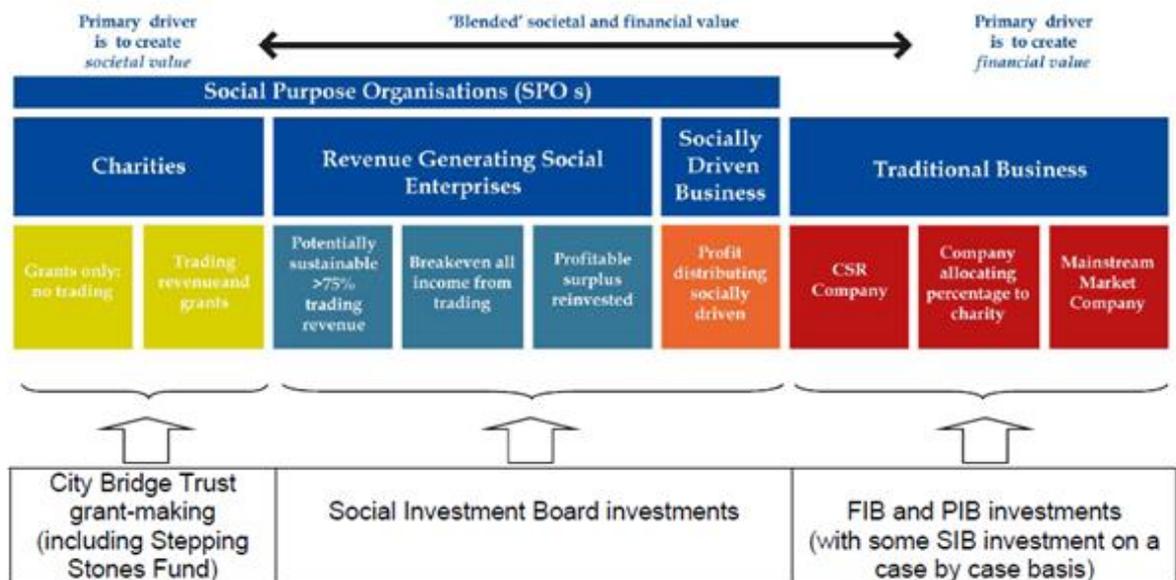
take time for there to be a material change from the past tendency of business-focused companies to be concerned that social investments would result in a lack of focus, and that social-focussed organisations to be concerned about greenwashing (i.e. claiming to be socially or environmentally-friendly 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

Contact Officer: Philippa Sewell
tel. no.: 020 7332 1426
philippa.sewell@cityoflondon.gov.uk

Committee	Dated:
Social Investment Board	14/09/2016
Subject: Progress Report	Public
Report of: Chief Grants Officer	For Decision

Summary

The report:

- Introduces a method for measuring the social impact of your Fund and provides an update on the progress to date with the current round of the Stepping Stones programme (a collaboration between City Bridge Trust and UBS to develop the social investment pipeline)
- The report includes some brief updates on current projects to expand the Fund's advisory pool and to extend the terms of co-opted Members
- For reference, the paper also provides an update on work delivered by the Economic Development Office and the City Bridge Trust against the City of London's 2014 social investment strategy

Recommendations:

Members are asked to note the report and to approve the social impact measurement method presented in appendix 1 for ongoing use by the Fund.

Main Report

Social Impact Measurement

1. Neha Chandgothia is working with the City of London through the OnPurpose programme and has developed a social impact framework for the Fund. This is presented in appendix 1 and is based on a review of good practice from other social investors. A social impact assessment of each active investment is included in today's Portfolio Report and if Members are satisfied with the approach taken, we propose to provide annual updates at both portfolio and investee level along with the annual valuation report.

Stepping Stones Fund

2. Launched in June, the third round of the Stepping Stones Fund is currently underway. This is a partnership programme between UBS and the Trust, offering grant funding to charities and social enterprises in Greater London who wish to engage with the social investment market. The Trust received 77 applications, far higher than the 41 and 36 who submitted proposals in previous rounds and, we think, attributable to the extensive promotional work

done by the Trust, UBS, and the organisations who participate in the programme's steering group. The total application value in this third round was £3,882,206, and with only £700,000 available, officers worked to short-list the strongest proposals before the interview stage. 47 applicants were rejected, one withdrew, and the remaining 29 have been invited to submit a full proposal.

3. The Trust will offer guidance for those shortlisted applicants (as well as feedback for unsuccessful applicants) and UBS will run surgery sessions to help organisations prepare their detailed bids. Full proposals are expected by September 23rd before panel assessment meetings at the bank in mid October. Following this, grant recommendations will be made to agree the distribution of round three of the Stepping Stones Fund. The Trust continues to discuss the programme with a range of possible co-funders, some of whom will participate in the panel meetings at UBS. Given the application levels seen for round 3 of Stepping Stones, there appears to be strong continued interest in the scheme. Awards are expected in December 2016.

Advisors

4. Previous meetings have reviewed the small advisory pool available to the Social Investment Board, and the impact this can have on deployment rate. You will recall the Court of Common Council's 2012 requirement that all investment proposals put to this board be accompanied by a review prepared by an independent FCA-regulated agency. The Social Investment Board's terms of reference include provision to appoint independent advisors and there are currently four firms in the advisory pool: Social Finance Ltd (appointed December 2012); FSE Group (appointed June 2013); the Social Investment Business in partnership with Investing for Good (appointed June 2013); and Albion Ventures (appointed December 2013).
5. Recognising the relatively narrow pool, the limited capacity of some of the firms currently appointed and the importance of matching the right firm to the right opportunity, we commissioned a review of 14 leading social investment advisory firms over the summer, looking at who might be interested in joining the pool. We were particularly keen to seek feedback on our spot-purchase arrangements, insurance liability requirements (which have been a concern for one existing provider) and the likely impact of fees on the Fund's net return. Twelve of these firms were keen to engage with us, but on further discussion three were found to have insufficient capacity. Of the remaining nine, we have identified four suitable firms and will now arrange meetings so the Chairman, Deputy Chairman and officers can agree recommendations to the Board to expand the pool.

Appointment Terms for Members

6. At the June away day Members requested a review of the duration for which they were appointed to the Board, noting that current annual appointments were too short to allow for long-term thinking, planning and continuity of strategic direction. We have consulted the Town Clerk who notes that the

Social Investment Board will review its terms of reference, along with the co-option protocol at its December meeting following which it can send a resolution to January 2017 Investment Committee asking to revise the terms co-opted Members can serve.

City of London Social Investment Strategy

7. Members requested an update on the Corporation's social investment strategy detailing the responsibility for each objective. This is shown in appendix 2.

Appendix 1: Social impact measurement method

Appendix 2: Social Investment Strategy – progress report

Appendix 3: Members Handbook

David Farnsworth

Chief Grants Officer, City Bridge Trust

T: 020 7332 3713 | E: david.farnsworth@cityoflondon.gov.uk

Appendix 1: Methodology for Social Impact Measurement

1. This appendix presents a method which the Fund could use for quantifying, monitoring and comparing social impact. Although it is customised to the needs of the City of London Corporation, it reflects how other leading social investors approach social value, including Bridges Ventures, Big Society Capital, and the KL Foundation, as well as good practice guidance from support organisations such as Investing for Good and the European Venture Philanthropy Association.
2. Since it was established, your Fund has used Big Society Capital's outcomes matrix to categorise the intended benefits and beneficiary groups of each proposed investment. This matrix identifies 9 outcome areas and 15 beneficiary groups

Outcome Areas	Beneficiary Groups
<ol style="list-style-type: none"> 1. Employment, training and education 2. Housing and local facilities 3. Income and financial inclusion 4. Physical health 5. Mental health and well-being 6. Family, friends and relationships 7. Citizenship and community 8. Arts, heritage, sports and faith 9. Conservation of the natural environment 	<ol style="list-style-type: none"> 1. People experiencing long-term unemployment 2. Homeless people 3. People living in poverty and/or financial exclusion 4. People with addiction issues 5. People with long-term health conditions/life threatening or terminal illness 6. People with learning disabilities 7. People with mental health needs 8. People with physical disabilities or sensory impairments 9. Voluntary carers 10. Vulnerable parents 11. Vulnerable children (including looked after children) 12. Vulnerable young people and NEETs 13. Older people (including people with dementia) 14. Ex-offenders 15. People who have experienced crime or abuse

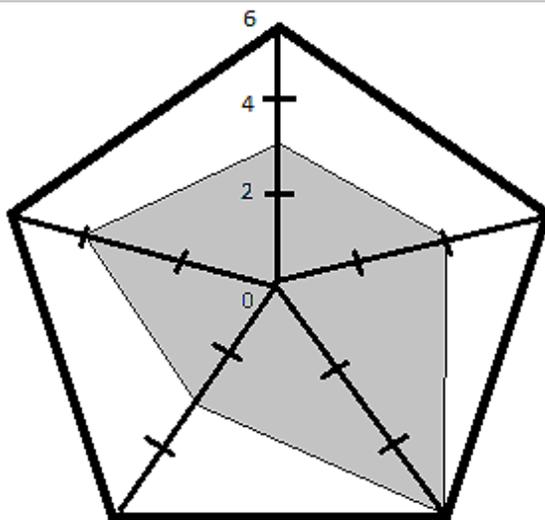
4. Whilst categorisation allows the Fund to identify potentially under-served outcome areas and beneficiary groups it does not take into account the scale of an investment, how significant the City's contribution is, or how deep the per-beneficiary impact is likely to be.
5. A radar chart allows the Fund to display the intended as well as actual social benefit of each social investment against agreed scales, and to aggregate this at portfolio level. Clear scales help to minimise the level of subjective bias involved in scoring. An example is shown overleaf:

Impact created by COLCSIF (0-2 Low, 2-4 Medium, 4-6 High):

- * What is the level of impact created by COLCSIF in the overall investment for the investee?
- * How significant is the impact created as compared to the overall portfolio of COLCSIF?
- * How significant is the impact created as compared to the investments raised by investee?
- * Is the amount of change being delivered cost-effective?

Strength of Organisation (0-2 Low, 2-4 Medium, 4-6 High):

- * To what extent does the investee understand the vision and the social change it is trying to make?
- * How is the financial and governance strength of the investee?
- * Has the investment improved the conditions and prepared the investee organisation for sustainability?



Beneficiary Impact (0-2 Low, 2-4 Medium, 4-6 High):

- * What is the impact of changes that is brought about to the lives of the beneficiary?
- * How many people are these changes impacting?

Market impact (0-2 Low, 2-4 Medium, 4-6 High):

- * Has the investment had a wider impact on the social investment market?
- * Has the investment improved the knowledge of the market?
- * Does the investment have potential for systemic change?

Additionality (0-2 Low, 2-4 Medium, 4-6 High):

- * How significant is the Social Investment given by COLCSIF for the investee outcomes?

5. Scoring is based on the following scales, and the portfolio report included in the papers for today's meeting shows what this looks like for each of the Fund's active investments.

Attribute	Questions	Scoring		
		Low (0 - <2)	Medium (2 - <4)	High (4 – 6)
1) Strength of Organisation	To what extent does the investee understand the vision and the social change it is trying to make?	<ul style="list-style-type: none"> - Social mission and strategy cannot be clearly articulated and/or is ill defined - Target outcomes are undefined - Weak impact chain with unclear or broken links between the organisation's activities and outputs to positive Social outcomes - Risk of not achieving positive Social outcomes as intended is not understood or articulated - the organisation has not considered or is unable to identify or elucidate a target beneficiary group - There are no plans to embed Social mission into the investment strategy and process 	<ul style="list-style-type: none"> - Social strategy is being formulated - Target outcomes are broadly defined - There are some links between the organisation's activities and outputs to positive Social outcomes - Risk of not achieving positive Social outcomes as intended is broadly understood, no mitigants have been considered - Beneficiary characteristics are articulated but there is not a clear definition, nor are they consulted - There is a commitment to embed social impact into the investment strategy and process and to follow best practice 	<ul style="list-style-type: none"> - Social mission, strategy and theory of change is clearly articulated and defined - Target outcomes are well defined - Very strong impact chain with clear links between the organisation's activities and outputs to positive social outcomes - Risk of not achieving positive social outcomes as intended is clearly articulated and mitigants have been considered - Beneficiaries are clearly defined, targeted and consulted - Social purpose is embedded into the investment strategy and process and follows best practice
	How is the financial and governance strength of the investee?	<ul style="list-style-type: none"> - The business has no clear financial statements and forecasted numbers - Historical forecasts have been absent or far from actuals - There is no succession planning even in the future horizon - There is no clarity for the role 	<ul style="list-style-type: none"> - The business has financial statements and forecasted numbers - Historical forecasts have been more or less close to actuals - There is a succession planning to be decided - There is a fair amount of clarity for the role of the board 	<ul style="list-style-type: none"> - The business has a well laid out and audited financial statements and forecasted numbers - Historical forecasts have been aligned to actuals - There is a clear succession planning in place - There is a well-defined role for

Attribute	Questions	Scoring		
		Low (0 - <2)	Medium (2 - <4)	High (4 – 6)
		<ul style="list-style-type: none"> of the board of directors and senior management - Management has no demonstrable experience or expertise in the sector - Management does not have the capacity to deliver the social mission and strategy 	<ul style="list-style-type: none"> of directors and senior management - Management can demonstrate some propensity to deliver the social mission and strategy - Management's capacity to deliver the social mission and strategy is achievable but likely to be challenging 	<ul style="list-style-type: none"> the board of directors and senior management - Management can demonstrate propensity, capability and capacity to optimally deliver social mission and strategy
	Has the investment improved the conditions and prepared the investee organisation for sustainability?	<ul style="list-style-type: none"> - Capital provided will have no direct impact capacity and outcomes are not sustainable. - Organisation can perform financially without delivering social outcomes - Products/services are not accessible, affordable, and inclusive and/or are mainly or exclusively reliant upon public subsidy 	<ul style="list-style-type: none"> - Capital provided will boost capacity and deliver outcomes for the life of the investment. - Core activities are linked to social and financial performance - Products/services are mainly accessible, affordable, inclusive and priced and/or require some public subsidy 	<ul style="list-style-type: none"> - Capital provided will deliver resilient and long-term sustainable outcomes beyond the life of the investment. - Core activities are fundamental to social and financial performance - Products/services are accessible, affordable, inclusive without reliance upon public subsidy
2) Impact created by COLCSIF	What is the level of impact created by COLCSIF in the overall investment for the investee?	<ul style="list-style-type: none"> - Social mission involves making a difference to the lives of few beneficiaries - Impact is realised over a long timescale 	<ul style="list-style-type: none"> - Social mission involves making a difference to the lives of some beneficiaries - Impact is realised over a medium timescale 	<ul style="list-style-type: none"> - Social mission involves making a difference to the lives of many beneficiaries - Impact is realised over a short timescale
	How significant is the impact created as compared to the overall portfolio of COLCSIF?	<ul style="list-style-type: none"> - It consists of less than 1% of the £20mn capital of COLCSIF into social investments 	<ul style="list-style-type: none"> - It consists of between 1% to 5% of the £20mn capital of COLCSIF into social investments 	<ul style="list-style-type: none"> - It consists of more than 5% of the £20mn capital of COLCSIF into social investments
	How significant is the impact created as compared to the investments raised by the investee?	<ul style="list-style-type: none"> - It forms less than 10% of investment raised in the investee's balance sheet 	<ul style="list-style-type: none"> - It forms between 10% to 25% of investment raised in the investee's balance sheet 	<ul style="list-style-type: none"> - It forms more than 25% of investment raised in the investee's balance sheet
	Is the amount of change being delivered cost-effective?	<ul style="list-style-type: none"> - The organisation is achieving its outcomes in a needlessly 	<ul style="list-style-type: none"> - The organisation is achieving its outcomes in a mainly cost- 	<ul style="list-style-type: none"> - The organisation is achieving outcomes in the most cost-

Attribute	Questions	Scoring		
		Low (0 - <2)	Medium (2 - <4)	High (4 – 6)
		costly way (expressed in £ spent per beneficiary)	effective way (expressed in £ spent per beneficiary)	effective way (expressed in £ spent per beneficiary)
3) Beneficiary Impact	What is the impact of changes that is brought about to the lives of the beneficiary?	<ul style="list-style-type: none"> - Social mission involves making a minor difference to the lives of target beneficiaries that they could easily access from other sources - A typical beneficiary is not subject to marked disadvantages in life without taking into account the intervention/activity funded - Capital is used to fund interventions with indirect impact 	<ul style="list-style-type: none"> - Social mission involves making some positive difference to lives of target beneficiaries that may have been displaced from other organisations - A typical beneficiary experiences some disadvantages in life without taking into account the intervention/activity funded - Capital is used to fund interventions with some direct and some indirect impact on beneficiaries 	<ul style="list-style-type: none"> - Social mission involves making significant difference to lives of target beneficiaries that wouldn't have happened otherwise - A typical beneficiary experiences marked disadvantages in life without taking into account the intervention/activity funded - Capital is used to fund interventions with direct impact on beneficiaries
	How many people are these changes impacting?	<ul style="list-style-type: none"> - Up to 100 people a year (for origination) - Less numbers were impacted than expected (for ongoing measurement and monitoring) 	<ul style="list-style-type: none"> - 101 to 5000 people in a year (for origination) - Similar numbers were impacted than expected (for ongoing measurement and monitoring) 	<ul style="list-style-type: none"> - More than 5000 people in a year (for origination) - More numbers were impacted than expected (for ongoing measurement and monitoring)
4) Additionality	How significant is the Social Investment given by COLCSIF for the investee outcomes?	<ul style="list-style-type: none"> - The business already established and has other investors but COLCSIF investment will drive additional impact 	<ul style="list-style-type: none"> - COLCSIF is the sole or lead investor in an opportunity overlooked by mainstream investors 	<ul style="list-style-type: none"> - COLCSIF is incubating the business
5) Market Impact	Has the investment had a wider impact on the social investment market?	<ul style="list-style-type: none"> - It is a beneficiary group having wide presence in the market - It is a form of capital been used before many times for investments - It is a form of organisation/business many of which exist in beneficiary sector 	<ul style="list-style-type: none"> - It is a beneficiary group having some presence in the market - It is a form of capital been used before for investments - It is a form of organisation/business only a few of which exists in a beneficiary sector 	<ul style="list-style-type: none"> - It is a new beneficiary group not having much presence in the market yet - It is a new form of capital for investments - It is a new form of organisation/business covering a beneficiary sector

Attribute	Questions	Scoring		
		Low (0 - <2)	Medium (2 - <4)	High (4 – 6)
	Has the investment improved the knowledge of the market?	<ul style="list-style-type: none"> - Organisation has protectionist and proprietorial attitude towards knowledge sharing - The organisation does not plan to build partnerships in the space 	<ul style="list-style-type: none"> - Knowledge-sharing is aspirational - The organisation aims to build partnerships 	<ul style="list-style-type: none"> - Organisation can demonstrate commitment to knowledge-sharing - The organisation has key partnerships to maximise social impact
	Does the investment have potential for systemic change?	<ul style="list-style-type: none"> - Intervention is reactive - Intervention adds further intermediation - Intervention is not easily scalable nor replicable 	<ul style="list-style-type: none"> - Intervention is somewhat preventative - Intervention is scalable and replicable in certain areas 	<ul style="list-style-type: none"> - Organisation encourages disruptive models for social change and has a mission for innovation - Intervention is preventative and addresses root cause of issue

Appendix 2: Social Investment Strategy (2014): progress report

Vision: By 2020, London becomes a global hub for social investment, which in turn acts as a driver of economic growth.

Aims: To support the social sector to maximise its potential by:

- growing the supply of suitable finance available for social organisations;
- improving the policy, regulatory and fiscal framework needed to support the social investment marketplace; and,
- building the capacity of social organisations to enable their involvement in the social investment marketplace.

Objectives

1. Growing the supply of suitable finance available for social organisations

Role: -

EDO role included encouraging stakeholders to supply finance or help build the social investment market, also keeping abreast of the needs of the social sector (largely through partner organisations). **Achievements include:**- convening and speaking at events eg with asset managers and Corporate Responsibility professionals; working with Worthstone and Big Society Capital to set up the 'Social Investment Academy' for IFAs;

CBT role includes management of the City's social investment fund and channelling £2-3m each year into the social enterprise sector through this. Developing and running the Stepping Stones Fund (a partnership programme with UBS) to encourage aspirant charities and social enterprises to engage with the social investment market. Working as a steering committee member of the Social Impact Investors Group, a network of funders committed to developing the marketplace and matching investees with appropriate capital.

Current position

- There is no shortage of undispersed capital within UK funds to support social organisations within the UK. The UK now has certain structures and platforms in place ready for when there is a greater degree of international investments and capital flows: these platforms have or are developing some form of accreditation or clearly defined commitment to the measurement of impact universally, and reports identify the difficulty in identifying investible social enterprises to

take this capital;

- The UK has created good support structures around investment readiness –e.g. with the development of the Access Foundation. This tends to be for smaller scale organisations that do not yet need international capital.
- The PwC report, commissioned by CoL, into ‘Developing a global financial centre for social impact investment’ (published in June 2015) identified the characteristics of a successful global centre. It did not identify any further specific role in which the City of London was best placed to add further value. At the same time Green Finance was identified by Members as an immediate priority for action by EDO.

2. Improving the policy, regulatory and fiscal framework needed to support the social investment marketplace

EDO role :-

a) helping to shape an appropriate regulatory and fiscal framework, to enable social investment products to be more attractive to investors and reach responsive UK markets (e.g. into retail markets and products). Achievements:- Supported HM Treasury with making tax relief operational e.g. in making the case to lift the threshold; built the case for changes to the Financial Promotions Order and presented to HMRC; fed into discussions on Community Interest Company regulation, fiduciary duties, procurement and commissioning regulations; research undertaken by EDO research team both independently and jointly with partner organisations such as the Cabinet Office and Big Society Capital, setting up the Social Investment Research Council, supporting evidence-based policy to help improve the regulatory and fiscal framework needed to underpin the marketplace, such as the Social Investment Tax Relief and adaptation of the ‘Financial Promotion Regime’;

b) seizing opportunities to shape the agendas of international initiatives. Achievements:- supported CoL membership and work of the UK Advisory Board (established by the PM under the G8 Social Impact Investment Taskforce with a remit to help catalyse a global market in impact investment - final meeting held July 2015); hosted international SI conferences eg Global Impact Investing Network in 2014; managed research on Developing a Global Centre for Social Impact Investment with a view to informing future workplan; also the Social Investment Adviser (SIA) was a member of the Advisory Panel for the EU’s Social Business Initiative

Current position:-

The UK has a large number of the regulatory pieces of the jigsaw in place to facilitate social investment. It now needs to make full use of them.

The Social Investment Advisor role (set up as a 'task and finish' role) came to an end in April 2015 when the planned policy work had been largely achieved.

3 Building the capacity of social organisations to enable their involvement in the social investment marketplace

Role:-

EDO: increasing the capacity of social organisations through volunteering support from City businesses and helping to build demand for social organisations' goods and services from public and private sectors. Achievements : - championing and brokering business volunteering within social enterprises to develop the capacity of social organisations to upskill, diversify income secure contracts and plan for the future; promoting social enterprise procurement within City businesses (and , with Chamberlain, within CoL – now a feature of CoL's Responsible Procurement strategy) ; developing with partners the award-winning 'Buy Social' Directory, with over 20,000 users; winner of the 2014 UK Social Enterprise Award as a 'market builder'.

CBT - Utilizing grant funding to build capacity within the social investment marketplace and raise awareness of social investment opportunities among the social sector through the ongoing Stepping Stones Fund. Active management of investees supported through the Social Investment Fund.

Current position:-

EDO is currently reviewing its work with social enterprises through procurement and volunteering as part of a wider review of its 'responsible business' workstream.

CBT will continue to be active in managing CoLCSIF and the Stepping Stones programme.

Social organisations are defined as organisations which pursue charitable, community or social objectives

Appendix 3: Updated Social Investment Board – Members Handbook

City Bridge Trust took advice from the legal firm Bates Wells & Braithwaite London LLP (BWB) referring to areas in Social Investment Board - Members' Handbook. The following pages list the updated version of the members' handbook based on the advice received from BWB. (BWB's report is available to the members on request. It is a private and a confidential document)

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City of London's Social Investment Board

Members' Handbook



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Terms of Reference

The following was approved by the Court of Common Council on 25th October 2012.

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.

The Board meets four to six times a year.

***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.

Composition

The Social Investment Board will be appointed annually by the Investment Committee. However, in view of the very specialist nature of this type of investment activity, it is suggested that the membership of the Board should comprise a mix of ex-officio and directly elected Members. In this way, the ex-officio Chairmen are able to serve or, should they so wish, nominate individual Members of the Court of Common Council who may have experience or expertise in this field to serve in their stead. The Investment Committee will be represented and the Court is able to directly elect two Members to serve. The proposed composition is as follows:-

- The Chairman of the Policy & Resources Committee for the time being or his/her nominee;
- The Chairman of the Finance Committee for the time being or his/her nominee;
- The Chairman of the City Bridge Trust Committee for the time being or his/her nominee;
- The Chairman of the Financial Investment Board for the time being or his/her nominee;
- One Member of the Financial Investment Board;

- Two Members elected by the Court of Common Council, one of whom shall have fewer than five years' service on the Court at the time of their appointment.

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

In addition, the Social Investment Board shall have the power to co-opt people with relevant expertise or experience, including non-Members of the Court, in the same way as the other two Boards.

Quorum

The quorum consists of any 3 Members.

Social Investment Board Members

Alderman Peter Hewitt (Chairman)	Nominee of the Chairman of the Policy & Resources Committee
Andrew McMurtie	Chairman of the Financial Investment Board
Jeremy Mayhew	Chairman of the Finance Committee
Alderman Alison Gowman	Chairman of the City Bridge Trust Committee
Nicholas Bensted-Smith	One member of the Financial Investment Board
Henry Colthurst (Deputy Chairman) and Wendy Hyde (Both Members elected 21 April 2016 for a one year term expiring in April 2017)	Two Members elected by Court of Common Council
Non-voting Co-opted Members	
Master of the Mercers' Company, Tim Haywood (Co-opted at December 2015 SIB)	A senior representative of the Mercers' Company
Elizabeth Corrado and Laura Tumbridge (Co-opted at March 2016 SIB)	

The Role of a Social Investment Board Member

Summary

1. This summary provides further clarification on the role of the Members of the Social Investment Board in relation to the Social Investment Fund.
 2. The following should be noted:
 - (a) Members of the Social Investment Board have a duty to support the City of London (as trustee) in the exercise of its duties as trustee;
 - (b) The primary charitable purpose of Bridge House Estates is the maintenance and support of the five bridges, with the assets of the charity being invested with a view to generating a financial return which in turn is used to further those purposes;
 - (c) As a risk mitigation strategy, the City of London, as trustee, has limited the allocation of £20 million from the charity's assets to the Social Investment Fund and has considered financial investments in the social investment market in accordance with the minimum target financial returns set for the Fund to be suitable investments;
 - (d) The principal financial aims of the Fund are to seek to achieve a financial return target of not less than 2% on individual investments and not less than 2.7% across the portfolio of the Fund as a whole.
 - (e) Investments of the Social Investment Board are financial investments (generating a financial return consistent with the minimum target financial returns set for the Fund) in the social investment market (having resulting social impacts);
 - (f) Members are not expected to seek to insulate the Fund from all risk of capital loss but, subject to the minimum target financial returns set for the Fund, the Social Investment Board may at its discretion develop and maintain a diversified portfolio of investments, adopt a spread of risk and invest into higher performing and lower performing investments acting reasonably, prudently and in good faith;
 - (g) The experience of other social investors (who may have different charitable objects and governance criteria) should not be used as the benchmark for investment decisions, which should meet the minimum target financial returns set for the Fund;
-

The City of London as Sole Corporate Trustee

3. The Mayor and Commonalty and Citizens of the City of London ('the City of London'), acting by the Court of Common Council, is the sole corporate Trustee of the Bridge House Estates charity. Individual elected Members of the Court sitting as Members of its Social Investment Board sub-committee, are not Trustees of Bridge House Estates; however, by virtue of their membership of the sub-committee they have a duty to support the City of London in the exercise of its duties as trustee by faithfully acting in accordance with the terms of reference of the Social Investment Board and the City Corporation's corporate governance framework.
4. The principal charitable purposes of Bridge House Estates are to maintain and support five bridges crossing the River Thames in central London (Tower Bridge, London Bridge, Southwark Bridge, Millennium Bridge and Blackfriars Bridge). Income which cannot be usefully applied to those purposes may be applied both towards the provision of, and access to, transport for elderly or disabled people in the Greater London area and for other charitable purposes for the general benefit of the inhabitants of Greater London provided that that 'surplus income' is applied in accordance with a policy which the Trustee has agreed following appropriate consultation. The 'surplus income' of Bridge House Estates is currently applied by way of grants by the City Bridge Trust Committee in accordance with the City Bridge Trust's current policy for grant-making, 'Investing in Londoners'.
5. The City of London, as sole corporate trustee, must:
 - (a) use its skill and knowledge in a way that is reasonable in the circumstances ('the duty of care'). For example, a trustee with investment experience should draw on its skills and knowledge of investments when making decisions;
 - (b) consider how suitable any investment is for Bridge House Estates. The trustee must be satisfied that:
 - i. an investment type or class is appropriate for the charity (for example, shares),
 - ii. the investment within that type or class is appropriate for the charity (for example, shares in a specific bank);
 - (c) consider the need to diversify investments (for example, owning shares in a number of different companies, or investing in different asset classes);
 - (d) take advice from someone experienced in investment matters where they consider they need it; and
 - (e) review investments (and their investment manager) from time to time, changing them if necessary.
6. The Social Investment Board is concerned with the investment of an allocation of £20m from Bridge House Estates assets, referred to as the Social

Investment Fund ('the Fund'), in accordance with criteria set by the City of London as Trustee.

7. By allocating £20m of Bridge House Estates assets to the Fund, the City of London, as the sole corporate trustee of Bridge House Estates, has ensured that the Fund is a relatively small part of a large and diversified investment portfolio. In the circumstances, and given the size of the endowment and the value of the charity's assets as a whole, limiting the allocation to £20m is considered to be the most important risk mitigation strategy deployed by the City of London, as trustee.
8. The City of London, as sole corporate trustee, has also considered diversification of the charity's investment portfolio when allocating monies for the purposes of the Fund and has considered social investments meeting the Social Investment Criteria of the Fund (which provide for a minimum target return, see paras 15-27 below) to be suitable investments for Bridge House Estates.
9. The principal duty of Members of the Social Investment Board is to seek to ensure that investments meet the Social Investment Criteria and by so doing to support the City of London Corporation in fulfilling its duties as Trustee.

Management of Risk

10. All investment activity carries risk and, ultimately, the risk of capital loss. Members of the Social Investment Board are not expected to seek to insulate the Fund from all risk of capital loss or only to invest in investments which are perceived to be safe or defensive.
11. The Social Investment Board may at its discretion develop and maintain a diversified portfolio of investments, adopting a spread of risk and invest into higher performing and lower performing investments provided the investments of the Fund are otherwise expected to meet the Social Investment Criteria.
12. The social investment market is young and developing and investments tend on the whole not to be on deep, liquid or public markets, which means that there is relatively little data or experience to determine the level of risk involved in different forms of social investment. It is likely therefore to be difficult or impossible for the Members of the Social Investment Board to determine with certainty the level of risk involved when investing in specific investments.

Decision-Making

13. Members of the Social Investment Board are not able to make decisions with the benefit of hindsight. Instead, Members should seek to act reasonably, and prudently and make decisions in good faith based on the information reasonably available at the time of the relevant investment decision. In practice, Members of the Social Investment Board will need to exercise judgement on behalf of the City of London about whether an investment is a good investment and is reasonably likely to meet the Social Investment Criteria.

14. It is expected that the Social Investment Board will learn from its investment of the Fund and that the lessons learnt will inform its strategy over time. Inevitably, lessons will be learned about what has worked well and what has not worked so well and the experience and data which investment of the Fund creates with respect to different social investments should lead to more informed and confident decision-making over time, as the social investment market develops.

Social Investment Criteria

15. The Court of Common Council approved investment criteria for the City of London Social Investment Fund (the Fund) at its meeting on 25th October 2012 (refer paragraphs 20 and 21 below).
16. Consistent with its terms of reference and the investment criteria set by the City of London as Trustee, the Social Investment Board approved additional criteria at its meetings on 14th December 2012 and 18th September 2015.
17. Criteria have been developed following consultation with several other social investors, and with advice from Social Finance Limited and Big Society Capital. It should be noted that other social investors in this market operate pursuant to their own often very different charitable objects and governance criteria to those of the Social Investment Board, and although helpful in assisting Members to understand and operate in the social investment market, Members should be guided by the Social Investment Criteria established for the Fund and not by the practice of other investors who operate under different parameters..

Fund aims

18. The Fund aims to achieve an overall financial return across the Fund at a rate not less than the average interest earned on the City's cash holdings, and a demonstrable social benefit. It will help position the City of London as a leader in social investment, develop London as a global centre for social investment and, by so doing, help to grow the market.

Fund objectives

19. The Fund has two objectives:
 - (a) To provide loan finance, quasi-equity and equity that provides development and risk capital to organisations working towards charitable ends or with social purpose; and,
 - (b) To help develop the social investment market

Eligibility for investment

20. The Fund will consider both direct investments (providing returnable funds to organisations which pursue charitable, community or social objectives) and indirect investments (into funds managed by others in order to reach a greater number of charities and social enterprises).

Financial return

21. 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%). The Social Investment Board may at its discretion develop and maintain a diversified portfolio of investments, adopt a spread of risk and invest into higher performing and lower performing investments bearing in mind the aim to achieve returns of not less than 2% on individual investments and not less than 2.7% across the portfolio of the Fund as a whole.

Investment portfolio

22. In line with the City of London's commitment to build the UK social investment market, most investments made from the Fund will be allocated towards work that benefits communities in the UK. Over the £20m, the Fund will seek to allocate:
- (a) 90% of its total value to benefit UK-based beneficiaries, with the aim that up to 60% will be for London beneficiaries
 - (b) 10% of its total value to benefit international beneficiaries

Social benefit

23. Subject to meeting the investment criteria established by the Court of Common Council for the Fund, including the target financial returns set for the Fund, each investment must offer a well-defined and measurable social benefit which can be achieved within the term of the investment. Investees must be capable and willing to provide regular updates on the social benefit achieved throughout the term of the investment

Direct investments

24. Eligibility for direct investment will be restricted to those organisations that:
- (a) Have a financially viable business plan which shows how revenue will be generated to repay the investment; it will also have clearly articulated social impact;
 - (b) Have strong management and governance;
 - (c) Have a clear exit strategy / end term for the investment to be repaid.

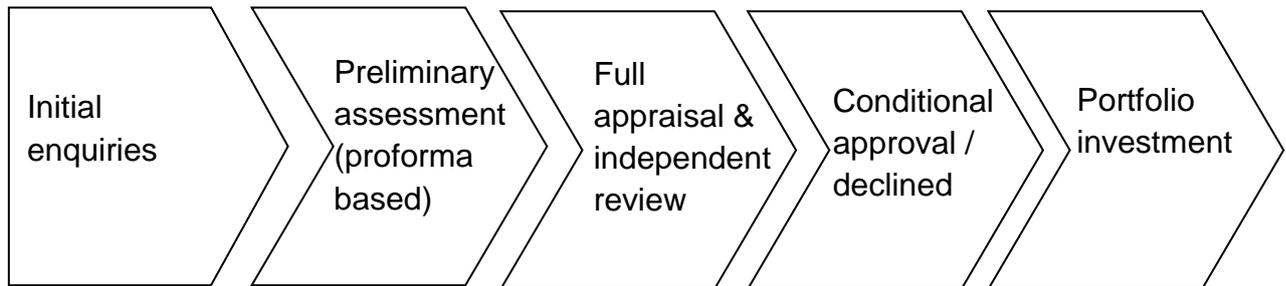
25. Direct investments will normally be made for purposes of either: service expansion; organisational development; purchase of property or other capital items that support service delivery.
26. In addition to making direct investments in organisations that are registered with the Charity Commission or Community Interest Company Regulator, direct investments can also be made in for-profit social sector organisations where the organisation's governance embodies and protects its social mission by:
- (a) Setting out objects in its constitutional documents that are primarily concerned with the provision of benefits to society;
 - (b) Having a policy in relation to the distribution of profit after tax that ensures surpluses are principally used to achieve social objectives. Practically this means that the payout of cumulative profit after tax to shareholders will be capped at 50% over time, and therefore ensures that any surpluses generated over time will be mainly:
 - i. reinvested in the business;
 - ii. applied in advancement of the organisation's social objects; or
 - iii. distributed or donated to other social sector organisations;
 - (c) Having a constitutional or contractual lock on its social objects, dividend and surplus distribution policy and ensuring the disposal of assets is compatible with the social objects embedded in its constitutional documents;
 - (d) Demonstrating that the remuneration of its officers and employees, including salaries, benefits and all forms of distribution or other participation is disclosed in a manner consistent with the Statement of Recommended Practice for accounting by charities.
 - (e) Making best efforts to preserve the social purpose or social mission of the organisation in the event of a change of ownership or control.

Indirect investments

27. Investment can be made in funds managed by others where those funds:
- (a) Have charitable, community or social benefit and clearly articulated social returns;
 - (b) Show that the distribution of profits generated by the funds are capped to investors;
 - (c) Make available to investors on a regular basis, an assessment of the fund's performance in social and financial terms.

Assessment Process

The Fund's investment appraisal process is as follows:



The first stage of the process is initial enquiry, and officers record details of all organisations which make contact with the Fund or which they find through other channels. Some contacts relate to products under development, others have been for products which are investment ready, but for which detailed investment proposals are not yet available. All prospective investees are asked to complete the proforma application on the Fund website as this allows officers to gather information on investment proposals in a systematic way by asking standard questions about financial return and social benefit.

Once more detailed information is received, officers from Chamberlain's Department and the City Bridge Trust section of the Town Clerk's Department meet to review the investment's suitability for Fund support.

If judged suitable by officers, a full appraisal and independent external review follows the preliminary assessment stage. At this point, and in line with guidelines set by the Court of Common Council, an independent FCA-regulated agency is commissioned to provide a report appraising the investee's underlying business model, capital requirements, projected financial return, investment commitments, and to examine the risks to the investment. Chamberlain's officers examine this independent report, and City Bridge Trust officers assess the likely social benefit of the investment.

Staff List

Name	Role	E-mail	Telephone
David Farnsworth	Chief Grants Officer, City Bridge Trust	David.Farnsworth@cityoflondon.gov.uk	X3713
Tim Wilson	Principal Grants Officer, City Bridge Trust	Tim.Wilson@cityoflondon.gov.uk	X3716
Martin Hall	Grants Assistant, City Bridge Trust	Martin.Hall@cityoflondon.gov.uk	X3705
Kate Limna	Corporate Treasurer, Chamberlain's Department	Kate.Limna@cityoflondon.gov.uk	X3952
Liz Skelcher	Assistant Director of Economic Development	Liz.Skelcher@cityoflondon.gov.uk	X3606
Philippa Sewell	Committee & Member Services Officer, Town Clerk's Dept.	Philippa.Sewell@cityoflondon.gov.uk	X1426
Deborah Cluett	Assistant City Solicitor, Comptroller & City Solicitor's Department	Deborah.Cluett@cityoflondon.gov.uk	X1677
Anne Pietsch	Chief Legal Assistant, Comptroller & City Solicitor's Department	Anne.Pietsch@cityoflondon.gov.uk	X1633
Karen McHugh	Principal Legal Assistant, Comptroller & City Solicitor's Department	Karen.McHugh@cityoflondon.gov.uk	X3698

NB: To contact officers from an external line, extensions should be prefixed with 020 7332 XXXX

External Advisors

Albion Ventures: www.albion-ventures.co.uk (appointed December 2013)

The FSE Group: www.thefsegroup.com (appointed June 2013)

Social Finance Ltd: www.socialfinance.org.uk (appointed December 2012)

Social Investment Business (www.sibgroup.org.uk) working with Investing for Good (www.investingforgood.co.uk) and The Good Analyst (www.goodanalyst.com) (appointed June 2013)

Glossary of Terms

Blended finance	The provision of finance through a combination of grants and/or equity/quasi-equity finance and/or debt finance. Please note that social investors do not use this term to mean <i>blended interest rate</i> .
Blended return (to investors)	The combination of receiving financial return as well as social returns from an investment. There is often assumed to be a trade-off between these two factors.
CC14	CC14-Charities and Investment Matters: A guide for trustees. Charity Commission guidance for trustees on how to make decisions about investing charity funds.
Charitable bond	Finance mechanism whereby investors provide capital to a not-for-profit organisation to fund a project through an unsecured bond, often with a lower than market-rate return.
Community asset building	Activity that builds the assets of community service organisations for long-term financial sustainability.
Community asset transfer	The transfer of land and buildings from public bodies to voluntary, community and social enterprise organisations.
Community Banks	For-profit, insured banks or savings institutions that target low-income people or others who lack adequate access to financial services. Given the typically low to moderate-income customer base of development banks, they often depend on additional deposits from outside of the community to fund their lending activity.
Community finance	Finance provided to community organisations, especially those that have difficulty accessing mainstream finance.
Community Interest Company (CIC)	(UK) limited company operated for community benefit and with a requirement that all assets and profits remain within the company and are used solely for community benefit.
Community investing	Investment programmes, which support development initiatives in economically challenged communities through community-based financial institutions such as development banks, loan funds, and community credit unions.
Community Investment Tax Relief (CITR)	(UK) tax relief available to individuals and organisations to incentivise investment in enterprises in disadvantaged areas.
Crowd funding	Crowdfunding is a way businesses, organisations and individuals can raise or borrow money. Generally, it involves a number of people pooling money through a website, often called a platform. The rules now encompass how loan-based and investment-based crowd funding activities are presented to potential investors and will

	include an appropriateness test.
Development capital	Enables organisations to invest to build capacity, for example by purchasing property or other assets, or developing new products and services.
Endowment	The property of a charity (including land, buildings, cash or investments) which is required to be invested or kept and used for the charity's purposes. Whether it can be spent or disposed of depends on the conditions under which the endowment was originally given.
Exclusionary (negative) screen	Ethical criteria that may disqualify companies for consideration of investment.
Finance mutual organisation	Third sector financial organisation that allows distribution of assets to its members if the organisation is taken over or wound up; includes credit unions, certain building societies and mutual insurers.
Fund of funds	An investment strategy of holding a portfolio of other investment funds rather than investing directly in stocks, bonds or other securities (this is a form of indirect investment).
Growth capital	Capital for funding significant growth, innovation, service or product development or building the capacity of the organisation or its human resources to enhance the organisation's social impact. See soft development capital.
Impact	The changes an investment or organisation achieves; the difference it makes through its outputs and the outcomes they generate.
Impact investment	Investment made with the expectation of delivering measurable social and/or environmental impact as well as financial return.
Impact-first investment	Investment that prioritises a social or environmental impact above a financial return; this may be through accepting a lower than market-rate return to achieve more difficult social or environmental outcomes not seen as achievable through traditional philanthropy or mainstream investment.
Microcredit	Small, low interest loans to low-income entrepreneurs who have little or no collateral.
Microfinance institutions	Organisations that provide small amounts of capital, often as little as \$50 in developing countries, to people with little or no collateral so they can avoid usurious rates. Also gaining recognition in U.S. communities as well, although micro-loan amounts are considerably higher there.
Mission-Related Investment	The use of expendable resources by a charity in a way which may generate a financial return but is principally for the furtherance of the charitable purpose or purposes of the charity. Examples of this include the provision of loans, loan

	guarantees or the subscription or purchase of shares or through the letting of land and buildings by the charity.
Mixed motive investment	An investment that cannot be justified as wholly furthering a charity's aims or seeking the best possible financial return. Trustees may be able to invest in this way if they are satisfied that it would be in the interests of their charity.
Mixed portfolio of funding	A range of income streams which may include grants, donations, earned and investment income.
Negative screening	Screening out of an investment portfolio organisations that are known to have harmful social or environmental outcomes.
Non-trading co-operative	Membership organisation, established by producers to collectively promote or market their product, which cannot distribute profit to members.
Not-for-profit organisation / non-profit organisation	Organisation that conducts activities to further its purpose, and not for the gain of individual members or owners; not-for-profits are not allowed to distribute assets to members or owners when wound up.
Outcome Based Agreement (OBA)	Agreement, usually between a service provider and government, which defines an outcome or set of outcomes that must be achieved, in some cases to trigger payment for the delivery of the service.
Output	Work generated by a project.
Outcomes	Changes that take place as a result of a project.
Patient capital	Loans or equity investments offered on a long-term basis (typically 5 years or longer) and on soft terms (e.g. capital/interest repayment holidays and at zero or sub-market interest rates).
Payment by results	A type of public policy instrument where payments are based on independent evaluation of results.
Peer-to-peer lending	The practice of lending money to unrelated individuals, or "peers", without going through a traditional financial intermediary such as a bank or other traditional financial institutions.
Philanthropy	The giving of funds, capital items, time or other assets in the form of a donation.
Programme-related investment	The use of expendable resources by a charity in a way which may generate a financial return but is principally for the furtherance of a charitable purpose; examples of this include the provision of loans, loan guarantees or the subscription or purchase of shares or through the letting of land and buildings by the charity.
Quasi-equity investment	A form of debt investment. Social enterprise organisations may not be structured to issue shares (i.e. equity). A quasi-

	equity investment allows an investor to benefit from the future revenues of an organisation through a payment which is a fixed percentage of revenue. This type of investment is normally offered without security.
Revenue funding	Income received to pay for an organisation's running costs
Revolving loan fund	Within a group of microentrepreneurs, a loan is made and must be paid back in full before a second loan is granted to another member of the group. In some cases group members will provide the funds rather than an outside funding source.
Risk capital	Equity or quasi-equity investment which is most at risk in recovering an investment if the project or organisation fails.
Screening	The inclusion or exclusion of corporate securities in investment portfolios.
Social bond	Debt finance mechanism whereby investors provide capital to a not-for-profit organisation and receive a lower than market-rate return alongside social returns.
Social economy	Comprises co-operatives, mutuals, associations, charities, trusts and foundations.
Social enterprise	A social enterprise is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners.
Social investing	The act of making investment decisions to achieve social as well as a financial return.
Social Investment Finance Intermediary (SIFI)	An organisation that provides, facilitates or structures financial investments for social sector organisations and/or provides investment-focussed business support to social sector organisations.
Social investment wholesaler	An investor which makes larger investments in funds or financial organisations (social investment finance intermediaries) that will themselves invest smaller amounts in a number of frontline social sector organisations.
Social sector organisation	An organisation that exists primarily to deliver social impact; that reinvests the majority of surpluses to further its social mission; and that is independent of government. The social sector includes voluntary and community organisations, charities, social enterprises, cooperatives and mutuals.

Social venture capital	Funds raised to support economic ventures with a focus or mission involving the improvement of society.
Social venture intermediary	Organisation that provides either social finance or expertise to help establish or capacity-build social enterprises.
Socially Responsible Investment (SRI)	Investment method using positive screening or, more commonly, negative screening, or investment in companies with poor social or environmental records to provide opportunity for shareholder advocacy or activism to promote corporate responsibility.
Soft development capital	Capital for funding significant growth, innovation, service or product development or build the capacity of the staff/organisation to enhance the organisation's social impact. See growth capital.
Strategic philanthropy	Form of philanthropy using focused research, creative planning, proven strategies, careful execution and thorough follow-up to achieve the intended results; ideally reflects and is driven by the philanthropist's core values and concerns.
Third sector	Sector comprising a wide range of social purpose organisations, including charities, religious organisations, not-for-profits, co-operatives, mutuals, trade unions, chambers of commerce, social enterprises, advocacy groups, community organisations and welfare organisations.
Trading co-operative	Membership organisation with share capital, established by producers to collectively promote or market their product, which can distribute profit to members.
Triple bottom line	Refers to a balance between a company's social, environmental, and financial return.
Working capital	The cash available for day-to-day operations of an organisation, including that used to manage the timing differences between income and expenditure.

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

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