



Social Investment Board

Date: WEDNESDAY, 20 JUNE 2018
Time: 11.30 am
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members: Alderman Peter Hewitt
Henry Colthurst
Nicholas Bensted-Smith
Alderman Alison Gowman
Jeremy Mayhew
Andrien Meyers
Andrew McMurtrie
Dhruv Patel
Ian Seaton
Elizabeth Corrado (Co-opted Member)
Tim Haywood (Co-opted Member)
Laura Tumbridge (Co-opted Member)

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Lunch will be served in 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 9 May 2018;
 - 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 2017/18; and
 - d) Co-option protocol for the Financial, Property and Social Investment Boards.

For Decision
(Pages 1 - 6)
4. **ELECTION OF CHAIRMAN**

To elect a Chairman in accordance with Standing Order 29.

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

To elect a Deputy Chairman in accordance with Standing Order 30.

For Decision
6. **MINUTES**

To agree the public minutes and non-public summary of the meeting held on 28 February 2018.

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

Report of the Chief Grants Officer and Director of City Bridge Trust

For Information
(Pages 13 - 14)
8. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
9. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

10. **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.

For Decision

Part 2 - Non-Public Agenda

11. **NON-PUBLIC MINUTES**
To agree the non-public minutes of the meeting held on 28 February 2018.
- For Decision**
(Pages 15 - 18)
12. **TEACHER HOUSING PROJECT PRESENTATION AND Q&A - ARROW PM**
- For Discussion**
13. **SUBSIDISED ACCOMMODATION FOR TEACHERS IN GREATER LONDON FUNDED BY BRIDGE HOUSE ESTATES - TO FOLLOW**
Report of the Comptroller & City Solicitor
- For Decision**
14. **INVESTMENT REVIEW - PAC-UK LTD**
Joint report of the Chamberlain and the Chief Grants Officer and Director of City Bridge Trust
- For Decision**
(Pages 19 - 42)
15. **PORTFOLIO UPDATE**
Report of the Chief Grants Officer and Director of City Bridge Trust
- For Decision**
(Pages 43 - 78)
16. **REPORT OF ACTION TAKEN**
Report of the Town Clerk
- For Information**
(Pages 79 - 80)
17. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
18. **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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RESOLUTION OF THE INVESTMENT COMMITTEE OF 9 MAY 2018

To: **Social Investment Board**

20 June 2018

From: **Investment Committee**

9 May 2018

4. **APPOINTMENT OF THE BOARDS AND FREQUENCY OF MEETINGS**

The Committee considered a report of the Town Clerk seeking Members' approval on the composition, frequency of meetings, and co-option protocol for the Committee's Boards.

RESOLVED - That the Investment Committee:

- a) Approve the appointment of the Financial, Property and Social Investment Boards, and that the frequency of meetings, terms of reference and co-option protocol for the Committee's Boards be approved;
- c) Agree that the composition of the Social Investment Board should be amended from two to three Members of the Court of Common Council elected by the Investment Committee, at least one of whom shall have fewer than five years' service on the Court at the time of their appointment;

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Social Investment Board

Composition

- Chairman to be determined by the Board*
- 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;
- One Member of the City Bridge Trust Committee;
- The Chairman of the Financial Investment Board for the time being or his/her nominee;
- One Member of the Financial Investment Board;
- One Member of the Property Investment Board;
- Three Members of the Court of Common Council elected by the Investment Committee, 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.

External co-opted members to be appointed for four-year terms, subject to annual reappointment at the first meeting of the Board after Annual Court in April.

Quorum

Any three Members of the Board.

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 the Investment Committee's Terms of Reference 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.

Social Investment Board Membership 2017/18

Nicholas Bensted-Smith

Henry Colthurst

Alderman Alison Gowman

Alderman Peter Hewitt

Jeremy Mayhew

Andrien Meyers

Andrew McMurtrie

Dhruv Patel

Ian Seaton

Elizabeth Corrado (Co-opted Member)

Laura Tumbridge (Co-opted Member)

Tim Haywood (Co-opted Member)

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 or the Social 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, 28 February 2018

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

Present

Members:

Henry Colthurst (Deputy Chairman)	Deputy Edward Lord
Elizabeth Corrado	Jeremy Mayhew
Tim Haywood	Andrien Meyers
Alderman Peter Hewitt (Chairman)	Andrew McMurtrie

Officers:

Joseph Anstee	-	Town Clerk's Department
Russ Bublely	-	I-for-change (Social Investment Analyst)
Karen Atkinson	-	Chamberlain's Department
Karen McHugh	-	Comptroller & City Solicitors
David Farnsworth	-	City Bridge Trust
Martin Hall	-	City Bridge Trust
Hannah Davey	-	City Bridge Trust

1. APOLOGIES

Apologies were received from Nicholas Bensted-Smith, Alderman Alison Gowman and Laura Tumbridge (Co-opted Member).

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

Andrew McMurtrie declared a standing interest by virtue of being Chairman of the City of London Academies Trust.

3. MINUTES

RESOLVED – That the public minutes and non-public summary of the meeting held on 13 December 2017 be agreed as a correct record.

The Chief Grants Officer reminded the Board that the Social Investment Board's strategic away half-day was scheduled for 30 May 2018. Any ideas or suggestions for the day could be communicated to officers.

4. UK NATIONAL ADVISORY BOARD FOR IMPACT INVESTING

The Board received a presentation on the UK National Advisory Board for Impact Investing from Michele Giddens, Chair of the UK National Advisory Board to the Global Social Impact Investment Steering Group. Michele Giddens gave the Board an overview of her background in social investment and her current work with the UK National Advisory Board, Bridges Fund Management

and the CDC Group.

The UK National Advisory Board was the UK arm of the Global Steering Group, established by the G8 and now comprising 17 member countries. The UK National Advisory Board supported the Global Steering Group in encouraging impact investment globally, and looked to maintain the UK's leading role in impact investing. The Board received a slide illustrating the spectrum of impact investing which had emerged in recent years, demonstrating the intentions and goals of organisations in the impact economy. The UK National Advisory Board had produced five summary recommendations to move towards an inclusive and sustainable economy; adopt an inclusive and sustainable agenda, empower savers to invest in line with their values, put purpose at the heart of public procurement, accelerate the rise of purposeful business, and strengthen the UK's role in international development finance.

Bridges Fund Management had been set up in 2002 to raise funds with explicit social and environmental purposes, and to date had raised almost £1 billion. Investment was made according to four impact themes; health and wellbeing, education and skills, sustainable living, and underserved markets. The firm employs three strategies, each of which had its own fund vehicle. These are: investing in growth businesses to help them execute on their growth for maximum impact; property; and social sector funds. The firm also had an advisory arm, and a charitable foundation. Example investments include World of Books, which buys books from charity shops in large quantities and sells them online or recycles them. The firm also invests in low-cost housing by working with local authorities and developers to try and build more social and affordable housing. A family of funds helps Bridges to navigate the difficult line between risk-adjusted return and impact, and provides the tools to respond to challenges and tackle a wide range of issues.

Members asked Michele Giddens questions about her experiences in impact investing, such as areas she thought had been particularly successful or unsuccessful. Michele Giddens felt extra care had to be taken with market rate funds not to trade off the growth of the business or the value of property with the impact of the investment. She also felt Social Impact Bonds could work very well where there were immediate savings, and whilst they had been less volatile than first thought, they required a considerable amount of work. The Board expressed its interest in meeting with Michele Giddens again, and in working with Michele and Bridges Fund Management in the future. A Member suggested working together to identify current social problems where more effective solutions were needed, such as homelessness or social care, and pay due regard to the reputational good and social impact of investing in funds where there may be a trade-off. The Chief Grants Officer suggested linking Michele Giddens in with the Board's strategic away half-day.

The Board thanked Michele Giddens for the excellent presentation and for her contributions to the meeting.

5. **PROGRESS REPORT**

The Board received a report of the Chief Grants Officer providing an update on the work of the Social Investment Fund. The Chief Grants Officer introduced Charles Owen and Laura Coffey of Arrow PM, the consultants taking forward the Fund's proposal for key worker housing.

Charles Owen addressed the Board on behalf of Arrow PM, which specialises in project and programme management, particularly directed at enabling the public, private and third sectors to work together effectively to solve social problems. There was an immense need in London to provide more key worker housing, and it was fortunate that the City of London Corporation was able to use its position, assets and network to try and address it. The Board received a handout which set out the overall objectives and phases of the project, as well as a work breakdown structure. The Chief Grants Officer told the Board that ideas for financial structuring were in place, and needed to dovetail with the plans set out by Arrow PM. Whilst the project would originally focus on Inner London, officers recognised that other investors may have a further reach.

The Chairman apologised to the Livery Companies for the length of time it had taken to get the project to this stage, but hoped that the project could now move forward more rapidly. The Chairman suggested that the title of the project should include 'Key Workers' rather than 'Teachers'. A Member suggested that the initial focus of the project be on teachers before being expanded later. Arrow PM told the Board that the initial research would focus on teachers, but the blueprint would need to be applicable to all key workers. A Member suggested that some of the Corporation's existing properties might provide opportunities for the project. The focus of the project was newly-qualified teachers with the potential to become senior leaders. The scheme needed to be designed to have the most overall impact in terms of retaining teachers.

The Board noted that the City of London Corporation's ownership of the properties invested in through the Board had legal and governance implications which would need to be resolved, and recommended that the terms of reference for the Social Investment Board be expanded. The Board noted that any properties may have to be managed externally, particularly if the investment was made in conjunction with other parties. Charles Owen told the Committee that the project aimed to create a roadmap for newly-qualified teachers towards ownership or long-term tenure of property.

The Committee thanked Charles Owen and Laura Coffey for the presentation and for their contributions to the meeting, and hoped to meet with them soon about the project.

The Chief Grants Officer reminded the Board that the Social Investment Fund five-year update was on the agenda for the Board's endorsement before the report was submitted to the Court of Common Council. A date would be added to the final version to be consistent with the inclusion of Midlands Together in the report. The Chairman added that the report demonstrated credible social impact investing.

In response to a query from a Member, the Board clarified its procedure with regards to the normal pipeline process and due diligence undertaken ahead of investment proposals being made to the Board. Joint funding proposals initiated by the Board would still slot into the normal pipeline process.

RESOLVED – That the report be noted.

6. **SIB 5 YEAR UPDATE**

The Board received a report of the Chief Grants Officer marking the fifth anniversary of the City of London Corporation's Social Investment Fund. The report highlighted the Fund's achievements during its first five years, and included details of the Fund's financial performance, areas of investment, the Fund's investment commitments to date and plans for the Fund for the next five years. The Board noted that the report would go on to Court of Common Council.

Members discussed the statement in the report on seeking new investments. The Board felt that whilst they did not want to encourage inappropriate requests, the Fund should not be over-conservative in its efforts to attract investment proposals, as there had sometimes been a paucity of ideas in the past.

RESOLVED – That 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 13 December 2017 be agreed as a correct record.

11. **INVESTMENT REVIEW - GOLDEN LANE HOUSING BOND 2017**

The Board considered a joint report of the Chamberlain and Chief Grants Officer.

12. **KEY LEARNING FROM MIDLANDS TOGETHER**

The Board received a report of the Chief Grants Officer.

13. **PORTFOLIO UPDATE**

The Board considered a report of the Chief Grants Officer.

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

There were no non-public 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 3.15 pm

Chairman

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Committee	Dated:
Social Investment Board	20/06/2018
Subject: Progress Report	Public
Report of: Chief Grants Officer	For Information

Summary

This month's report provides brief updates on key worker accommodation and the Stepping Stones Fund.

Recommendations:

Members are asked to:

- note the report.

Main Report

Accommodation for key workers

1. Much of our recent focus, and the main topic of June's strategy half away-day, has been what City (and partners) could do to address the cost of living for teachers working at schools in London. Members heard from Social and Sustainable Capital and Big Society Capital at the away-day, as well as lessons learned from Bridges Ventures. Three different investment models are being worked in more detail in time for today's meeting, and Members will also receive further clarification on the legal advice received regarding the use of Bridge House Estates' capital. Our consultants, ArrowPM, will attend today's meeting to share their final recommendations.

Stepping Stones Fund

2. The fifth round of the Stepping Stones Fund (the social investment readiness scheme for London's charities and social enterprises) is well underway. This is a grants' programme run by City Bridge Trust in collaboration with UBS. Applicants will pitch to selection panels in July, and final awards will be approved in September. £550,000 is available in the current round. We continue to develop a follow-on finance facility for Stepping Stones alumni, offering low-cost loans to those who are at the start of their enterprise journey. We aim to launch this in September 2018.

David Farnsworth

Chief Grants Officer, City Bridge Trust

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