



Social Investment Board

Date: WEDNESDAY, 17 OCTOBER 2018
Time: 12.00 pm
Venue: COMMITTEE ROOMS, 2ND FLOOR, WEST WING, GUILDHALL

Members: Henry Colthurst (Chairman)
Nicholas Bensted-Smith
Alderman Alison Gowman
Jeremy Mayhew
Andrien Meyers
Andrew McMurtrie
Dhruv Patel OBE
Deputy Henry Pollard
Elizabeth Corrado (Co-opted Member)
Laura Tumbridge (Co-opted Member)
Tim Haywood (Co-opted Member)

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N.B. Part of this meeting may be subject to audio-visual recording.

**John Barradell
Town Clerk**

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 20 June 2018.

For Decision
(Pages 1 - 4)
4. **ELECTION OF DEPUTY CHAIRMAN**
To elect a Deputy Chairman in accordance with Standing Order 30.

For Decision
5. **PROGRESS REPORT**
Report of the CGO and Director of City Bridge Trust

For Decision
(Pages 5 - 6)
6. **SIB - GOVERNANCE AND FUTURE DIRECTION**
Report of the Town Clerk

For Decision
(Pages 7 - 14)
7. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
8. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**
9. **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

10. **NON-PUBLIC MINUTES**

To agree the non-public minutes of the meeting held on 20 June 2018.

For Decision
(Pages 15 - 20)

11. **PORTFOLIO UPDATE REPORT**

Report of the CGO and Director of City Bridge Trust

For Information
(Pages 21 - 56)

12. **NON-PUBLIC REPORT OF ACTION TAKEN**

Report of the Town Clerk

For Information
(Pages 57 - 58)

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

14. **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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SOCIAL INVESTMENT BOARD

Wednesday, 20 June 2018

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

Present

Members:

Alderman Peter Hewitt
Henry Colthurst
Nicholas Bensted-Smith
Alderman Alison Gowman

Andrien Meyers
Dhruv Patel
Elizabeth Corrado
Laura Tumbridge

Officers:

David Farnsworth	- Chief Grants Officer & Director of City Bridge Trust
Russ Bublely	- I-for-change (Social Investment Analyst)
Hamesh Patel	- Worshipful Company of Clothworkers
Tim Wilson	- City Bridge Trust
Hannah Davey	- City Bridge Trust
Karen Atkinson	- Chamberlain's
Karen McHugh	- Comptroller's
Kristina Drake	- Town Clerk's
Emma Cunnington	- Town Clerk's

1. APOLOGIES

Apologies were received from Andrew McMurtrie and Ian Seaton.

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

Alderman Peter Hewitt declared a non-pecuniary interest in respect of item 7 by virtue of his involvement with the Government's Advisory Group on growing a culture of social impact investment. Alderman Alison Gowman declared a non-pecuniary interest in respect of item 15 by virtue of her role as Trustee for Trust for London.

3. APPOINTMENT OF THE SOCIAL INVESTMENT BOARD

The Board considered a resolution of the Investment Committee, a note of the Town Clerk setting out the composition, quorum and terms of reference of the Board, the Membership of the Board for 2017/18, and the co-option protocol for the Financial, Property and Social Investment Boards.

A Member asked that the Town Clerk review the terms of reference for the Board with specific reference to the length of term for Members of the Board. It was agreed that a further discussion would take place once the Board was fully constituted.

RESOLVED, that:

- The Social Investment Board continue to co-opt Elizabeth Corrado, Tim Haywood and Laura Tumbridge for the ensuing year.

4. **ELECTION OF CHAIRMAN**

The Town Clerk read out, in accordance with Standing Order 29, a list of names of Members eligible to serve as Chairman. Henry Colthurst, being the only Member willing to serve, was declared elected as Chairman for the ensuing year.

5. **ELECTION OF DEPUTY CHAIRMAN**

The immediate past Chairman, Alderman Peter Hewitt, indicated his willingness to serve as Deputy Chairman, and under Standing Order 30 was declared elected as Deputy Chairman for the ensuing year.

6. **MINUTES**

RESOLVED – That the public minutes and non-public summary of the meeting held on 28 February 2018 be agreed as a correct record.

7. **PROGRESS REPORT**

The Board received a progress report of the Chief Grants Officer concerning updates on key worker accommodation and the Stepping Stones Fund.

The Deputy Chairman highlighted the work he had been involved with as part of the Government's Advisory Group on growing a culture of social impact investment.

RESOLVED, that:

- The report be noted.

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

There were no questions.

9. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There was one item of business:-

Terms of reference of the Social Investment Board and timings of meetings

The Chairman raised the issue of the terms of reference and asked for a report for the Board to consider which recommended the following changes:

- Co-opted Members to serve a three-year term, rather than four;
- The composition of the Board to be made up of three Members from the Investment Committee, three Members from the City Bridge Trust Committee, and three Members with social investment expertise from the wider Court of Common Council; and
- Members of the Board to serve a three-year term, rather than being elected each year.

The Chief Grants Officer and Director of City Bridge Trust advised the Board of the governance review of Bridge Houses Estates that was being undertaken over

the Summer months and the Board were in agreement that any changes to the Social Investment Board's terms of reference and composition should be made to coincide with the results of this review.

The Board were also in agreement that future meetings of the Board should take place over a sandwich lunch.

A Member later added that thought needed to be given to ensure the meeting did not clash with the Finance Committee or any other City Corporation committees.

RESOLVED, that:

- A report of the Town Clerk be submitted to the Board providing options for changes to terms of reference, composition including length of terms, as well as timing of meetings.

10. **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

11-18

3

11. **NON-PUBLIC MINUTES**

RESOLVED – That the non-public minutes of the meeting held on 28 February 2018 be agreed as a correct record.

12. **INVESTMENT REVIEW - PAC-UK LTD**

Members agreed to consider items 14 to 16 ahead of items 12 and 13.

Members considered a joint report of the Chamberlain and the Chief Grants Officer and Director of City Bridge Trust concerning an investment review of PAC-UK Ltd.

13. **PORTFOLIO UPDATE**

Members considered a report of the Chief Grants Officer summarising investments made by the City of London Corporation Social Investment Fund with progress reports on all active investments.

14. **REPORT OF ACTION TAKEN**

Members received a report of the Town Clerk concerning action taken between meetings.

RESOLVED, that:

- The action taken by the Town Clerk, in consultation with the Chairman and Deputy Chairman of the Board, in accordance with Standing Order No. 41 (a) and (b), be noted.

15. **TEACHER HOUSING PROJECT PRESENTATION AND Q&A - ARROW PM**
Members received a presentation from the consultants Arrow PM concerning the teacher housing project.
16. **SUBSIDISED ACCOMMODATION FOR TEACHERS IN GREATER LONDON FUNDED BY BRIDGE HOUSE ESTATES**
Members received a report of the Comptroller and City Solicitor concerning the subsidised accommodation for teachers in Greater London proposal.
17. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
There were no questions.
18. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was no other business.

The meeting closed at 1.00 pm

Chairman

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Agenda Item 5

Committee	Dated:
Social Investment Board	17/10/2018
Subject: Progress Report	Public
Report of: Chief Grants Officer	For Decision

Summary

This month's report provides updates on the Bridge House Estates review and the Stepping Stones Fund; and seeks your permission for an investment decision on the Greenwich Leisure Limited bond.

Recommendations:

Members are asked to:

- Agree to delegate the decision to extend the Fund's holding in Greenwich Leisure Limited to the Town Clerk in consultation with the Chairman and Deputy Chairman.

Main Report

Bridge House Estates Review

1. The Bridge House Estates governance review continues. Significant work has been undertaken, drawing on the external expertise of leading legal and financial professionals with charity specialisms.
2. Part of the review is considering the existing and potential social investment powers associated with the charity Bridge House Estates.
3. The Chief Grants Officer will provide a verbal update in the meeting, in particular the anticipated time-frame.

Greenwich Leisure Limited

4. The City invested £500,000 in the Greenwich Leisure Limited (GLL) 5% bond in December 2013, with maturity due on 31 October 2018. This bond has performed well to date and, in late September 2018, the City was asked to extend its investment for a further 3 years (i.e. until 31 October 2021). GLL is offering a reduced rate of 3% for this extension period
5. The purpose of the original investment was the restoration of Royal Greenwich Lido, repurposing of the Olympic Aquatics and Copper Box Centres, as well as the development of affordable health and fitness centres in Sidcup and Romford. GLL has delivered all commitments listed in the

original investment memorandum. Based on initial information received, the extension period would allow GLL to continue its health and wellbeing work.

6. Any investment proposal would normally be considered through pipeline and full board but the GLL bond extension was presented with a tight closing date - Friday 26th October. The Chairman has received the headline terms and officers have commissioned i-for-Change to conduct full due diligence.
7. If the investment proposal passes due diligence, officers request authority from today's Board to submit a proposal to the Town Clerk in consultation with Chairman and Deputy Chairman under delegated authority.

Stepping Stones Fund

8. City Bridge Trust made 12 grants through the fifth round of the Stepping Stones Fund (the social investment readiness scheme for London's charities and social enterprises) in September. This programme, run in partnership with UBS, has awarded £3.2m to 77 organisations so far. Stepping Stones itself received the 2018 Charity Times prize for "Social Investment Initiative" in early October. The Trust plans to launch a follow-on finance facility for Stepping Stones alumni, offering low-cost loans to those who are at the start of their enterprise journey before the end of 2018.

David Farnsworth

Chief Grants Officer, City Bridge Trust

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Committee(s): Social Investment Board	Date(s): 17 October 2018
Subject: Social Investment Board – Governance and Future Direction	Public
Report of: Town Clerk	For Decision
Report author: Joseph Anstee, Town Clerk's Department	

Summary

This report gives Members of the Social Investment Board the opportunity to review the terms of reference and governance of the Board, following discussion at the previous meeting of the Social Investment Board, and agree a resolution to be sent to the meeting of Investment Committee in January 2019.

Recommendation(s)

Members are asked to:

- Note the report;
- Consider and agree any changes to the composition, frequency of meetings and terms of reference of the Board – at the meeting of the Social Investment Board on 20 June 2018 it was proposed that the following changes be made:
 - That the composition of the Board should be three Members from the Investment Committee, three Members from the City Bridge Trust Committee, and three Members with social investment expertise from the wider Court of Common Council;
 - That Members of the Social Investment Board should serve a three-year term, rather than being elected each year;
 - That co-opted Members should serve a three-year term, rather than four; and
 - That meetings of the Social Investment Board be convened as a working lunch meeting, with refreshments to be arranged by the Town Clerk;
 - It is also proposed that the Board meets four times a year, including the strategic away half-day; and
- Agree a resolution on the above for onward approval by the Investment Committee.

Main Report

Background

1. The City of London Corporation's Social Investment Fund was established in May 2012 in order to produce a positive social impact, whilst also helping to develop the social investment market through the influence of the Corporation and by demonstrating that social investment could be a financially viable model. £20million was allocated to this Fund from the assets of the Bridge House Estates charity, of which the City of London Corporation is the sole Trustee.
2. The Social Investment Board, at the time of its creation, undertook to provide regular updates on its progress, and most recently did so at the meeting of the Court of Common Council on 8 March 2018. In the first five years of the Social Investment Fund the Board achieved an IRR of 4.7% (gross) which is 2% in excess of the initial target. This was the City's original intention in establishing the Fund, namely to demonstrate that social investment was a credible investment medium.
3. At the Social Investment Board's Strategic Away Half-Day on 6 June 2018, the Board discussed the future direction of the Fund. The undertaking of the Accommodation for Key Workers project has represented new ground for the Social Investment Board as it had previously only reviewed investment proposals made and had not originated its own schemes before.
4. If the Social Investment Board was to move into a new area of investment, having given credibility to social investment with its performance during the first five years, Members suggested that the Board ought to debate and reflect on amending its governance in order to maintain its effectiveness in carrying through longer-term projects, or making new types of investments.
5. This may also involve structural change with regards to the Fund itself, and the way in which investments are funded. For instance, the Board might propose changes which enable allocations from the Fund to drive projects, which would also provide an opportunity to shift towards social outcomes rather than securities.

Current Position

6. The current composition, terms of reference, and frequency of meetings of the Social Investment Board, as agreed by the Investment Committee at its meeting on 9 May 2018, are as follows:

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.

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.

Frequency of Meetings

7. The Social Investment Board currently meets approximately five times a year (including an away-day).

Options

8. In accordance with the Standing Orders, the Social Investment Board, as a Sub-Committee, is able to make any recommendations to the Investment Committee with

regards to its governance that Members of the Board agree. The decision to approve any changes rests with Investment as the Grand Committee.

9. Members may wish to consider the governance of the Board with regards to the outcome of the wider review of Bridge House Estates.

Proposals

10. The topic of governance was raised at the last meeting of the Social Investment Board, the Chairman raised the issue and asked for a report for the Board to consider, proposing the following changes:
 - That the composition of the Board should be three Members from the Investment Committee, three Members from the City Bridge Trust Committee, and three Members with social investment expertise from the wider Court of Common Council;
 - That Members of the Social Investment Board should serve a three-year term, rather than being elected each year;
 - That co-opted Members should serve a three-year term, rather than four; and
 - That meetings of the Social Investment Board be convened as a working lunch meeting, with refreshments to be arranged by the Town Clerk;
11. It is also proposed that the Board meets four times a year, including the strategic away half-day, with meetings in January, May, July (Strategic Away Half-Day) and September.
12. The Board might consider moving towards the composition of the Financial and Property Investment Boards, which are comprised of 10-14 Members of the Investment Committee, with the ability to co-opt further Members.
13. However, in view of the specialist nature of the type of investment activity undertaken by the Social Investment Board, when the Board was created, it was agreed 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.
14. Since the establishment of the Social Investment Fund, the composition has taken a number of members from the Investment Committee, including representatives from the Financial and Property Investment Boards, with added representatives from the City Bridge Trust Committee and the Finance Committee. Members have also previously noted that there was a political aspect of Social Investment not present at the Financial and Property Investment Boards, and so a representative from the Policy and Resources Committee, nominated by the Chairman, has been part of the composition.

15. If there was a trend towards taking on longer-term projects, it is thought three-year terms for Members of the Social Investment Board, subject to annual re-appointment at the May meeting of the Investment Committee, may be more appropriate.
16. The Board may also wish to consider reviewing the protocol for co-opted Members of the Social Investment Board. Currently the Board has three co-opted Members, appointed for four-year terms, subject to annual reappointment at the first meeting of the Board after Annual Court in April. The current protocol for co-option to the three Investment Boards is attached as an appendix to this report.

Corporate & Strategic Implications

17. Under the current terms of reference, the Board is mandated for its activities to be consistent with the strategic investment policies determined by the Policy and Resources Committee and the Investment Committee.

Conclusion

18. Members are asked to consider the current arrangements of the Board and the proposals going forward set out in the report, and agree any changes, with a resolution to be presented to the Investment Committee on Wednesday 16 January 2018.

Appendices

- Appendix 1 – Protocol for co-option to the Property, Financial and Social Investment Boards

Joseph Anstee

Committee and Member Services Officer

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

1. The Financial Investment Board, the Property Investment Board and the Social Investment Board are empowered to co-opt people with relevant expertise or experience, including non-Members of the Court of Common Council, to assist in their deliberations.
2. The arrangements for co-option and the co-opted membership of individuals to the Financial Investment Board, the Property Investment Board and Social Investment Board will be reviewed on an annual basis at the May meeting of the Investment Committee (and thereafter at the first meetings of the respective Boards).
3. When suggesting individuals with relevant expertise or experience for co-option, Members of the Financial Investment Board, the Property Investment Board or the Social Investment Board will be required to:-
 - a. send a written request for co-option to the Town Clerk, specifying whom it is proposed should be co-opted to either the Financial Investment Board or the Property Investment Board 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.

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

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