

<b>Committee(s):</b> Investment Committee	<b>Date(s):</b> 16 January 2019
<b>Subject:</b> Resolution of the Social Investment Board	<b>Public</b>
<b>Report of:</b> Town Clerk	<b>For Decision</b>
<b>Report author:</b> Joseph Anstee, Town Clerk's Department	

### Summary

Following discussion at recent meetings of the Social Investment Board, Members of the Social Investment Board have reviewed the governance of the Board, and have agreed a resolution to be sent to the meeting of Investment Committee in January 2019 for consideration.

### Recommendation(s)

Members are asked to:

- Note the report, and the resolution of the Social Investment Board attached at Appendix 1; and
- Consider and approve the proposed changes to the composition and frequency of meetings of the Board, as agreed by Members of the Social Investment Board.

### 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 an Accommodation for Key Workers project 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.
6. At its meeting on 20 June 2018, the topic of governance was raised and discussed. The Board asked for a formal report for consideration, proposing a number of possible changes. At the next meeting of the Board on 17 October 2018, Members considered a report of the Town Clerk outlining proposals and recommending the Board agree a resolution to be submitted to the January 2019 meeting of the Investment Committee for approval.

### **Current Position**

7. The current composition 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.

#### \*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

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.

#### **Proposals**

9. The proposed composition, and frequency of meetings of the Social Investment Board, as agreed by the Social Investment Board at its meeting on 17 October 2018, are as follows:

#### Composition

- Chairman to be determined by the Board
- Three Members of the Investment Committee;
- Three Members of the City Bridge Trust Committee;
- Three Members with social investment interest from the wider Court of Common Council; and
- Up to three co-opted Members appointed according to the existing process;

It is also proposed that:

- That Members of the Social Investment Board should serve a three-year term, rather than one year, with a maximum of three consecutive terms per Member. Within each group, appointments for one, two- and three-year terms respectively should be appointed for the next municipal year;
- That co-opted Members should serve a three-year term, rather than four; and
- That meetings of the Social Investment Board be convened ideally as a working lunch meeting, with refreshments to be arranged by the Town Clerk.

## Frequency of Meetings

It is proposed that the Social Investment Board meet four times a year, including the strategic away half-day, in January, May, July and November.

10. 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, would be more appropriate.
11. Currently the Board has two 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**

12. 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**

13. Members are asked to consider the current arrangements of the Board and the proposals going forward set out in the resolution of the Social Investment Board, and endorse the proposed changes, that will be effective as of the next municipal year.

## **Appendices**

- Appendix 1 – Resolution of the Social Investment Board, 17 October 2018
- Appendix 2 – Protocol for co-option to the Property, Financial and Social Investment Boards

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