

Committee(s): Policy & Resources Committee – For decision	Date(s): 17th October, 2019
Subject: Flexibility of disbursement for Corporation support of the Impact Investing Institute	Public
Report of: Director at Innovation and Growth	For Decision
Report author: Damian Nussbaum, Director at Innovation and Growth	

Summary

On 2 May 2019, the Policy and Resources Committee gave approval for an investment of £600,000 into the Impact Investing Institute, to be taken from existing Innovation and Growth (IG) resources and subject to fundamental review.

The Department for Digital, Culture, Media and Sport (“DCMS”), the Department for International Development (“DFID”) and the City of London Corporation (“COLC”) (the “Funders”) have respectively committed to be the cornerstone funders of the Impact Investing Institute (“Institute”). Together, the total commitment includes £2.6m of funding (£1m from DCMS; £1m from DFID and £600,000 from COLC) over a three year period, from 2019 - 2022.

The impetus for the investment was to support the establishment of the UK’s credentials in a fast-growing sector which encourages the increase in ESG, Impact and SDG allocations to flow through London and UK markets.

The objectives of the Impact Investment Institute include strengthening and developing the market for impact investing across all asset classes, increasing the amount of capital invested for impact, improving the effectiveness of capital invested for impact, and making it easier for individuals to invest for impact.

Recommendation(s)

Members are asked to:

- Give policy approval to the Director of Innovation and Growth to flex the payment profile for the Institute over the three years of support as best fits the policy outcomes of the Institute.
- Note that no change to the original amount of £600,000, is being requested nor is there any change proposed from the original agreement that the investment will be met from within existing IG resource. There is also no change to the priorities and objectives for the investment nor the understanding or practice that the funding be subject to the outcome of the Fundamental Review.

Main Report

Current position

1. The approved proposal noted the funding would be disbursed in three equal annual payments of £200,000.
2. The Institute has now been incorporated and is in the process of preparing to launch. The first CEO, Sarah Gordon has been appointed and began her tenure on 3rd September, 2019.
3. The Innovation and Growth Team is now working with the CEO, the Funders and the Board and Advisory Chairs, Dame Elizabeth Corley and Sir Harvey McGrath, to chart the strategic and operational plan, and detailed programme of activities.
4. As part of that work the IG team is preparing the investment documentation which includes a schedule of disbursements in line with key milestones and outcomes, in concert with the strategic priorities and expectations for the investment.

Proposals

5. We propose allowing the Director of IG flexibility in structuring the annual disbursements, removing the requirement or expectation for three equal annual payments.
6. This flexibility would allow the Director to structure the disbursements in way that is tied to key milestones and strategic outcomes, and to dovetail most effectively with other funders.

Corporate & Strategic Implications

7. The original corporate and strategic implications remain unaffected. Our shift to ESG activity, our support for Social Impact Investment and their delivery through our support for the Institute, will strengthen our contribution to the Corporate Plan aim to 'Support a thriving economy', specifically the outcome 'Businesses are trusted and socially and environmentally responsible'.

Conclusion

8. Flexibility in scheduling disbursement will allow for the financial incentives to be fully aligned with the strategic outcomes sought by the Corporation.

Damian Nussbaum

Director, Innovation and Growth

T: 020 7332 3600

E: damian.nussbaum@cityoflondon.gov.uk