

Committee:	Date(s):
Social Investment Board	7 th April 2014
Subject:	Public
Progress Report	
Report of:	For Decision
Chief Grants Officer	
Summary	
<p>Officers are working to develop a new City Bridge Trust grants programme that will support more London charities to participate in the social investment market. The proposed scope of this programme is outlined in the paper and your views are sought.</p> <p>There are updates on the recruitment of the Social Investment Analyst, the Members' Handbook and the Officer Scheme of Delegations.</p> <p>Since your last meeting, and at the recommendation of the Deputy Chairman, officers have met Big Society Capital to discuss their new strategic direction. BSC would be happy to come and present to a forthcoming Social Investment Board meeting.</p> <p>Recommendation(s)</p> <p>Members are asked to:</p> <ul style="list-style-type: none"> • Note the report. 	

Main Report

Developing the social investment market

1. City Bridge Trust launched its *Investing in Londoners* grants programmes in 2013, and these included a commitment to support London charities who were looking to participate in the social investment market.
2. Work to design this initiative began with market research into current social investment support provision and market gaps to identify where your grant-making and convening role can make the greatest difference. This research has been underway since shortly before Christmas and has involved three round-table discussions with other Trusts and Foundations, market intermediaries and charities (a total of 17 organisations) as well as several bilateral meetings. Your Chairman participated in one of the roundtable discussions.

3. As you know, your Fund is not able to take on high risk or highly subordinated positions in an investment, and therefore is only able to finance charities with a certain scale, track record and revenue generation profile.
4. Officers believe that City Bridge Trust, through its grant-making, could provide valuable additional support to charities who are at an earlier stage by establishing a “Transition Fund” which could offer both non-repayable and repayable financing for pilots, new ideas, products or business models, for higher risk / early stage, outcome focused initiatives, all of which are extremely short of appropriate finance. The shortage of finance in this space therefore acts as a barrier to the development of the social investment market.
5. The development of a “Transition Fund” would provide an opportunity to bridge the evident gap between grantees and investees. Officers are developing plans for a closed grant programme that would have four elements:
 - **Capacity building for charities and intermediaries:** to provide organisations with human, financial and strategic support as well as supporting access to appropriate expert intermediaries to enhance their overall investment readiness
 - **Pilot finance for better outcomes:** to pilot new ways of creating improved social outcomes in a specific sector, geography or outcome area; test out new ideas, new partnerships and ways of working as well as alternative ways of measuring complex outcomes
 - **Risk finance:** to provide first loss capital to qualifying organisations e.g. in the form of guarantee, underwriting, overdraft facility or other subordinated or concessionary positions within or in advance of an investment package.
 - **Evaluation** to encompass the quality of proposals submitted, the levels of take up, the extent to which grants attracted new investors and investees, the relevance of the priority areas given other market activity in development, and to track the progress of grantees beyond the financing period. The evaluation would also consider how, over time, the Transition Fund activities fit within City Bridge Trust’s overall grant programmes and its strategic role as grant making body.
6. It is intended that this programme, and the evaluation of its longer term effect on an organisation, will act as a much needed test bed of best practice and provide insight into risk levels. A full programme proposal for the proposed “Transition Fund” detailing mechanics and quantum will be submitted to City Bridge Trust Committee in May for approval.
7. It would be good to get the views of Members of the Social Investment Board to the ideas outlined above, and there will be an opportunity to discuss the proposed direction of travel during today’s meeting.

Staffing update

8. As reported at your last meeting, we are recruiting a suitably qualified consultant to act as Social Investment Analyst. This individual would be based in both the Chamberlain's Department and City Bridge Trust, initially working 3 days per week, expected to rise to 4-5 days after 12 months as the number of investments under management grows. We anticipate the consultant will be engaged for 6-12 months and their work will inform the role description of the permanent appointment.
9. The Analyst would give your Fund valuable extra capacity to review the many formative proposals received, help negotiate terms favourable to the City of London, and shape the focus of the external investment appraisals.
10. We had hoped to appoint the Analyst in time for today's meeting. Unfortunately this has not been possible but we expect the Analyst to be well-established by your next meeting in July.

Members' Handbook

11. The Social Investment Board Members' Handbook has been made available on the Corporation intranet and can be found here: <http://colnet/Departments/Town%20Clerks/Pages/About%20Us/Home.aspx>. We hope that Members find this a useful resource. If you have any recommendations for additional content do please let me know.

Chief Grants Officer and scheme of delegations

12. At your last meeting you approved two delegations to me as Chief Grants Officer. The first enables me to enter into non-disclosure agreements with potential investees. The second allows me to approve any minor variations in investment terms with investees that had previously been approved by the Board where these do not materially impact on the charity's investment.
13. You asked that the delegation be included in the Officer Scheme of Delegations, and requested the Chief Grants Officer and Chief Legal Assistant to consult the Town Clerk on this. The point has been raised and is being examined by Town Clerk's at the moment. I will report back once I have further information.

Big Society Capital

14. Following the recommendation of your Deputy Chairman, officers have made contact with Big Society Capital's Strategy and Market Development Director. BSC is consulting on its new strategy, and is due to finalise its direction by the summer when officers recommend a representative be invited to make a presentation to the Board.

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