

Committee:	Date:
Social Investment Board	30 September 2014
Subject: Update on work of the City Corporation's Social Investment Advisor	Public
Report of: Director of Economic Development	For Information
<p><u>Summary</u></p> <p>This report covers the major areas of activity of the Social investment Adviser (SIA) in developing the City Corporation's social investment strategy, in addition to her work on the City Corporation's social investment fund.</p> <p>Since your last meeting in July, work has included:</p> <ul style="list-style-type: none"> • building the evidence base for HM Treasury to seek an expansion of the Social Investment Tax Relief scheme from the EU; • contributing to the G8 taskforce and two of its final reports; • developing the details of the 'Stepping Stones Fund' with City Bridge Trust to create a high impact support programme for social sector organisations (name still to be decided on); • meeting with City financial institutions to discuss social investment; • updating <i>A Brief Handbook on Social Investment</i> for City of London Corporation; and • judging the Social Enterprise UK award schemes. <p>Recommendation</p> <p>Members are asked to:</p> <ul style="list-style-type: none"> • Note the report 	

Main Report

The City of London's Social Investment Strategy

1. The work of the Social Investment Advisor (SIA) supports the City Corporation's Social Investment Strategy, under the leadership of the Policy & Resources Committee. The post is co-funded by Policy & Resources and City Bridge Trust Committees. The SIA advises City Bridge Trust's Chief Grants Officer on matters relating to the City Bridge Trust and the Social Investment Fund as well as the

Director of Economic Development on delivery of the Strategy. The Strategy has the following aims:

- a) encouraging and steering a growing supply of appropriate finance into social investment (including establishing and developing the City Corporation's own £20 million Social Investment Fund);
 - b) working to improve the regulatory and fiscal framework needed to support the social investment marketplace; and
 - c) developing the capacity of social organisations to access investment and secure contracts and markets.
2. The overall aim is to work towards establishing London as a recognised global hub for social investment, as a driver of economic growth.

Representational work

3. The launch of the final report of the G8 Taskforce on Social impact Investment was held at No 11 Downing Street on 18th September 2014. This addresses the key market opportunities and barriers and creates a common agenda for participating governments to take forward. The reports are available along with coverage of interviews held by Sir Ronald Cohen at www.socialimpactinvestment.org

The UK National Advisory Taskforce also created its overarching report on the current and forecasted UK social investment environment. Further papers of relevance to this Board were around the capacity building needs of the sector. The SIA contributed to these papers which tie in well with the work of City of London Corporation Social Investment Fund (COLCSIF) and of the development of the Stepping Stones grant programme.

4. **Social Enterprise UK awards scheme:** the Economic Development Office was shortlisted for an award relating to its work to encourage procurement from social enterprises through its Buy Social Directory: see <http://buysocialdirectory.org.uk/>
The SIA is a judge for four other categories of this award.
5. The British Council hosted an event under the banner of 'Unusual Suspects' which brought together UK social entrepreneurs, investors and policy makers with counterparts from Hong Kong. The SIA presented the policy framework adopted in the UK and the challenges and opportunities that lie ahead as well as the City of London Corporation's vision and activities to support this market.
6. The SIA is presenting on the UK social investment landscape and City of London Corporation's role to delegations from Korea, Finland and US in the coming weeks.
7. Thompson Reuters Foundation has created a pro bono network of lawyers under the banner 'Trustlaw'. The network is keen to support the growing interest in social

investment and is holding a two day training session for lawyers in late September. The SIA is presenting the delegates with an overview of the sector and the specific legal and regulatory issues relevant to social investment.

See http://www.trust.org/spotlight/TrustLaw_Training/?tab=insight

Social Investment Tax Relief

8. **EU State Aid submission to support the Social investment Tax Relief:** in response to HM Treasury's second consultation phase, the SIA submitted an evidence case of market failure in its ability to supply sufficient risk capital to meet the financing needs of social sector organisations. H M Treasury will build the case to apply to the European Commission for an increase in the investment limit imposed by EU State Aid rules on any organisation offering tax relief to an investor. The consultation response also addressed the creation and ideal structure of indirect investments in to social enterprises through Social Venture Capital Trusts.
9. H M Treasury has also requested a meeting to discuss the implications of the **Financial Promotions Regulation** on social investment, as identified by CoL research on this topic (published in June 2014). The SIA is coordinating policy lines with Cabinet Office, Big Society Capital and with the guidance of Bates Wells Braithwaite in preparation for this meeting.

Market Trends and Developments

10. The communication and brokerage challenges raised in earlier papers continue to exist: a group of communication experts from the key bodies across the sector have met to plan to address these challenges collaboratively.
11. A new Market Development Foundation is to be created with funds from Cabinet Office, Big Lottery Fund and Big Society Capital. It aims to address the three issues of capacity building, finance for growth (via grants mixed with social investment) and infrastructure support in one organisation. This organisation is currently recruiting Trustees to develop the strategy in advance of the launch of the organisation anticipated for early 2015.

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