

SOCIAL INVESTMENT BOARD

Monday, 7 December 2015

Minutes of the meeting of the Social Investment Board held at the Guildhall EC2 at 1.45 pm

Present

Members:

Alderman Peter Hewitt (Chairman)
Nicholas Bensted-Smith
Roger Chadwick
Henry Colthurst

Wendy Hyde
Jeremy Mayhew
Andrew McMurtrie

Officers:

Philippa Sewell	- Town Clerk's Department
Kate Limna	- Chamberlain's Department
Karen McHugh	- Comptroller & City Solicitors
David Farnsworth	- City Bridge Trust
Tim Wilson	- City Bridge Trust
Martin Hall	- City Bridge Trust

In Attendance:

Sara Llewellyn	- Barrow Cadbury Trust
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1. APOLOGIES

There were no apologies.

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

Nicholas Bensted-Smith declared a non-pecuniary interest regarding item 13.

3. ELECTION OF DEPUTY CHAIRMAN

The Committee proceeded to elect a Deputy Chairman in accordance with Standing Order No.30. The Town Clerk read a list of Members eligible to stand and Henry Colthurst, being the only Member who expressed his willingness to serve, was duly elected as Deputy Chairman of the Board for the ensuing year.

4. MINUTES

RESOLVED – That the public minutes and non-public summary of the meeting held on 18 September 2015 be agreed as a correct record.

5. DECISIONS TAKEN UNDER DELEGATED AUTHORITY OR URGENCY SINCE THE LAST MEETING OF THE BOARD

RESOLVED – That the report be noted.

6. CO-OPTION TO THE SOCIAL INVESTMENT BOARD

Members discussed the opportunity to engage with other stakeholders and livery companies, and tasked officers with producing a paper to go to the Livery Committee promoting the Board and encouraging engagement from those Livery Companies with an active interest in social investment and with funds to invest. Members (recognising that individual terms of appointment to the Board run annually) expressed their hope that any Livery co-option would continue for at least three years to ensure continuity, and proposed offering an induction session to help new members to the Board get 'up to speed'.

RESOLVED – That:

- a) a senior representative of the Mercers' Company be co-opted to the Social Investment Board; and
- b) the Chief Grants Officer prepare a paper for the Livery Committee, promoting the Board and encouraging engagement from Livery Companies.

7. PRESENTATION FROM THE BARROW CADBURY TRUST

The Board received a presentation from Sara Llewellyn Chief Executive of the Barrow Cadbury Trust, after which Members of the Board had the opportunity to ask questions.

Ms Llewellyn gave an overview of the history of the Barrow Cadbury Trust, which was a family Trust, driven by Quaker values, and was one in the vanguard of the social investment movement. The Barrow Cadbury Trust has an endowment of £85m and holds a variety of social, responsible and ethical investments. It has designated £4m for social investment activities aligned with its charitable mission. Ms Llewellyn discussed the difficulties in negotiating risk in the social investment market. A large part of this depended on how risk-averse the investor was; what the market arguably needed was not what organisations were generally prepared to provide. Opportunities with the lowest risk, however, were bankable, resulting in companies looking to commercial lenders rather than organisations like the Barrow Cadbury Trust. This leads to a slow pipeline of potential investments, a problem which had been observed by this Board.

The Board discussed risk compared with the differing priorities of the Barrow Cadbury Trust and the Social Investment Board, and, in response to a question regarding the potential trade-off between financial return and social impact, Ms Llewellyn advised that capital preservation did not necessarily result in such a trade-off. This could potentially be addressed through blended finance (the complementary use of grants and non-grant financing) to provide financing for high risk investments with a large social impact, on terms that would make projects financially viable and/or sustainable. Ms Llewellyn also advised that a varied portfolio could mitigate such a trade-off, balancing losses on higher-risk investments with gains on lower-risk ones so that the value of social impact investments are judged across the portfolio.

The Chairman thanked Ms Llewellyn for her presentation.

8. **PROGRESS REPORT**

The Chief Grants Officer introduced a progress report on social investment activity within the Corporation.

Stepping Stones

The Chief Grants Officer advised that the first round of applications had now closed. Unsuccessful applicants had been informed, and those who had been successful in being shortlisted were being supported to submit more detailed proposals. Members noted that UBS were co-funding this round, and that the quality of applications so far had been good.

Advisors

There were currently four firms in the Social Investment Board's advisory pool; Members noted that a narrow pool raised the risk of dependency on a single agency, and it was proposed that the Board invite prospective advisors to submit a short expression of interest in joining the pool. The most suitable of these would then be interviewed by the Chairman, Deputy Chairman, and officers, before coming to the Board for approval.

RESOLVED – That officers be authorised to seek expressions of interest from FCA-authorised firms willing to act as due diligence advisors to the Fund.

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

There were no questions.

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

There was no other business.

11. **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
11-14, 16	3
15	-

12. **NON-PUBLIC MINUTES**

RESOLVED – That the non-public minutes of the meeting held on 18 September 2015 be agreed as a correct record.

13. **PORTFOLIO UPDATE**

The Board received a report of the Chief Grants Officer.

14. **VARIATION REQUEST - AFFORDABLE HOMES RENTAL FUND**

The Board considered a report of the Chief Grants Officer.

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

There were no questions.

**16. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT
AND WHICH THE BOARD AGREE SHOULD BE CONSIDERED WHILST
THE PUBLIC ARE EXCLUDED**

There were three items of other business.

The meeting closed at 2.56 pm

Chairman

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