

SOCIAL INVESTMENT BOARD

FRIDAY, 14 DECEMBER 2012

Minutes of the meeting of the **SOCIAL INVESTMENT BOARD** held at the
GUILDHALL, EC2 at 10.00am

Present

Members:

Deputy Ken Ayers, Chief Commoner
Ray Catt
Roger Chadwick
Robert Howard
Deputy Edward Lord

Officers:

Simon Murrells	- Assistant Town Clerk
Greg Moore	- Town Clerk's Department
Clare Thomas	- Chief Grants Officer
Tim Wilson	- City Bridge Trust
Paul Mathews	- Chamberlain's Department
Anne Pietsch	- Comptroller & City Solicitor's Department
Sanjay Odedra	- Public Relations Office
Katie Hill	- Social Investment Adviser, Economic Development Office

In Attendance:

John Kingston	- Social Finance Ltd
Trupti Patel	- Social Finance Ltd

1. APOLOGIES

Apologies were received from Alderman Peter Hewitt and Deputy Richard Regan.

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

Deputy Ken Ayers declared a personal non-prejudicial interest in respect of item 14 by virtue of having previously worked with some of the individuals involved in the proposed project.

3. ELECTION OF CHAIRMAN

The Committee proceeded to elect a Chairman in accordance with Standing Order No. 29. A list of Members eligible to stand was read, and both Alderman Peter Hewitt and Deputy Edward Lord declared their willingness to serve if elected.

A ballot having been taken, votes were cast as follows:-

Alderman Peter Hewitt	-	3 votes
Deputy Edward Lord	-	2 votes

Alderman Peter Hewitt was therefore duly elected as Chairman for the ensuing year.

4. **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 Deputy Edward Lord, being the only Member who expressed his willingness to serve, was duly elected as Deputy Chairman of the Board for the ensuing year.

5. **PROGRESS REPORT ON THE ESTABLISHMENT OF THE SOCIAL INVESTMENT BOARD**

The Board considered a report of the Chief Grants Officer summarising the decisions taken so far to establish the governance and operating arrangements of the Social Investment Board, proposing a schedule for papers to future meetings, recommending the appointment of Social Finance Limited as an independent adviser authorised to undertake investment reviews, and recommending delegation arrangements to allow for investment when opportunities arise outside of scheduled meetings.

John Kingston and Trupti Patel withdrew from the room for discussion of this item.

In answer to a query as to the terms of appointment for Social Finance Ltd, it was advised that they were currently appointed on a case by case basis. The suggestion was made that it might be appropriate to seek sounder footing, perhaps through appointing them on a retainer basis, but it was clarified that this might not provide value for money given that there were relatively few investments in the pipeline and that Social Finance were often involved at an earlier stage in applications coming for approval and therefore it would not be appropriate for them to review every investment opportunity. The Deputy Chairman suggested that it would be useful to look for other advisers as well as Social Finance so that there was a pool of approved companies that could be drawn from whenever necessary. Members accordingly agreed to delegate authority to the Town Clerk in consultation with the Chairman and Deputy Chairman to come up with a list of suitable names for approval at the next meeting, along with some standard terms of approval to allow the list to be added to as appropriate.

It was noted that the intention was for the Board to generally meet three times a year, but it was agreed that in the first year it would be more sensible to meet quarterly and the Town Clerk undertook to liaise with the Chairman to arrange suitable dates accordingly.

Reference was made to an existing social investment fund in the City of London with a similar name, and officers were asked if thought had been given to a

potential change of the Fund's own branding. The Chief Grants Officer advised that potential name changes would be explored but, given the positive publicity to be gained by the City of London Corporation through association with the Social Investment Fund's work it could well be preferable to stick with the current branding.

With regard to the composition of the Board, the Deputy Chairman took the opportunity to suggest that the ability to co-opt was utilised to allow for a greater diversity of skills, background and ethnicity to be brought on to the Board. The Chief Grants Officer echoed the Deputy Chairman's suggestion, commenting that the inclusion of individuals with relevant experience and knowledge who are independent of the Corporation would be extremely beneficial and enhance the transparency of the Board. It was consequently agreed that a Panel, comprising the Chairman and Deputy Chairman along with the Chairman of the Investment Committee, be formed to establish a recruitment process with a view to identifying some suitable candidates to suggest at the next meeting.

RESOLVED:

- (a) That the appointment of Social Finance Limited as an independent adviser be approved;
- (b) That a further report be submitted seeking approval to appoint further advisers with a view to creating a pool of expertise that can be engaged in appropriate circumstances;
- (c) That the schedule of papers as proposed in paragraph number 26 be approved;
- (d) That authority to approve investments of up to £500,000 (when investment opportunity deadlines occur outside of regular meetings of the Board) be delegated to the Town Clerk in consultation with the Chairman and Deputy Chairman of the Social Investment Board.
- (e) That a Panel comprising the Chairman and Deputy Chairman, along with the Chairman of the Investment Committee, be established to consider potential candidates for co-option to be considered at the next meeting of the Board.

6. INVESTMENT CRITERIA

Members considered a report of the Chief Grants Officer setting out the investment criteria of the Social Investment Fund as approved by the Court of Common Council and proposing additional criteria to help guide investment decisions.

A Member expressed concern at the wording of the "Fund Aims", suggesting it was currently too nebulous, with a lack of clarity over whether the average interest referred to was on a short, medium or long-term basis. Discussion was also had as to the rate of return, with the suggestion made that a 2% benchmark should be set, as a fixed rate would allow for more accurate

measurement of success. However, the desire to retain some flexibility was also felt to be important, and so officers were asked to explore the issue and alter the proposed wording to give a clearer idea on what the targeted return should be. The trade-off between the investment return and the social benefits achieved was also noted, and whilst it was of course difficult to quantify social benefit, some sort of method of measuring impact to enable Members to see where it offset a lower investment return would be beneficial.

In reference to returns on indirect investments being capped, the Chief Grants Officer advised that this was in line with criteria set by Big Society Capital, with the idea behind the cap being that it would ensure that the planned social benefit of an investment would not be diminished for a better return. The Deputy Chairman added that this was where the line was drawn between commercial and social enterprise, thus distinguishing a social investment from a standard investment.

The Chief Grants Officer advised that the publishing of investment criteria online would be important, as this would encourage applications from those who were eligible as well as deterring applications from those who would not qualify. Members supported the proposal, and suggested that the criteria should be reviewed after a year once the Board had gained a good level of experience and were better placed to propose improvements. It was further agreed that a seminar for the Board should be held in the New Year to assist Members in developing a fuller understanding of the social investment market.

RESOLVED:

- (a) That the new investment criteria as set out in paragraphs 10 to 15 of the report be agreed; and,
- (b) That officers make the investment criteria available online to help guide prospective investees.

7. UPDATE ON WORK OF THE CITY OF LONDON CORPORATION'S SOCIAL INVESTMENT ADVISER

The Board received a report of the Chief Grants Officer providing an update on the work delivered to date by the City of London Corporation's Social Investment Adviser, who has enabled the Corporation to strengthen relationships with a number of public, private and charitable-sector organisations involved in social investment.

In response to a Member's query concerning partnership involvement it was advised that all potential options were being explored, including partnerships, such as the arrangement already in place with Oxfam. The Member commented that he was aware that the British Red Cross and the Kuwait Investment Authority could be interested in such a joint venture and he would direct them to the Social Investment Adviser for further discussions should their interest continue.

RECEIVED.

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

There were no questions.

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

There were no urgent items.

10. **EXCLUSION OF THE PUBLIC**

RESOLVED: - That under Section 100 A (4) 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 I of Schedule 12A of the Local Government Act as follows:-

Item Nos.

11 - 14

Exempt Paragraphs

3

11. **PORTFOLIO UPDATE**

The Board considered a report of the Chief Grants Officer summarising investment opportunities received by the City of London Corporation Social Investment Fund to date, introducing the application and appraisal processes, and setting out opportunities for naming rights.

12. **INVESTMENT REVIEW: SCOPE**

The Board considered a joint report of the Chamberlain and Chief Grants Officer concerning an investment proposal in the Scope Note Programme.

13. **INVESTMENT REVIEW: SOCIAL JUSTICE AND HUMAN RIGHTS CENTRE LTD**

The Board considered a joint report of the Chamberlain and Chief Grants Officer concerning a proposed investment in the Social Justice and Human Rights Centre Ltd.

14. **INVESTMENT REVIEW: REAL LETTINGS PROPERTY FUND**

The Board considered a joint report of the Chamberlain and Chief Grants Officer concerning a proposed investment in the Real Lettings Property Fund.

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 no urgent items.

The meeting closed at 11.45am

Chairman

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