

REPORT TITLE: GREATER CAMBRIDGE IMPACT

To: Cabinet 25 September 2025

Lead Cabinet Member: Cllr Simon Smith, Cabinet Member for Finance and Resources

Report by: Jemma Little, Head of Economy, Energy and Climate

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Wards affected: All

Director Approval:

Lynne Miles Director of Economy and Place confirms that the report author has sought the advice of all appropriate colleagues and given due regard to that advice; that the equalities impacts and other implications of the recommended decisions have been assessed and accurately presented in the report; and that they are content for the report to be put to the Cabinet/Cabinet Member for decision.

1. Recommendations

- 1.1 It is recommended that Cabinet approve the drawdown of the Councils £0.8m and approve the formalisation of its investment in Greater Cambridge Impact (GCI), following consultation with the Overview and Scrutiny Chairs and Vice-Chairs, and reassurance from the Chief Executive and Chief Financial Officer that governance arrangements are in place and due diligence is completed

2. Purpose and reason for the report

- 2.1 The report provides on the basis for this decision including an update on progress made on fundraising, investment pipeline development, governance and due diligence to establish Greater Cambridge Impact (GCI) and enable the first social investments to be made.
- 2.2 There is an exempt annex attached to this report that is NOT FOR PUBLICATION by reason of paragraphs 1 and 3 of Schedule 12A of Part 1 of the Local Government Act 1972 because it contains confidential information. The public interest test has been applied to the information contained within this exempt annex and it is considered that the need to retain the information as exempt outweighs the public interest in disclosing it.

3. Alternative options considered

- 3.1 The alternative option considered is to continue to wait until the £6m first close is reached and draw down the funds at that point. This was rejected because the Council's commitment as an equity investor is key to unlocking other funds, the Council is protected as the terms of the investor agreement state that no investments will be made until first close is reached and if first close is not reached, the funds will be

returned.

4. Background and key issues

- 4.1 In 2023, the Council recognised that a £1m a one-off investment from reserves could leverage significant additional investment to create Greater Cambridge Impact a social impact investment vehicle to tackle systemic inequality and contribute to inclusive growth in Cambridge and the wider area.

Of the Council's £1m, £0.2m was ringfenced for development, and the balance (£0.8m) was ringfenced for investment, on the condition that a further £5m was raised.

At Strategy and Resources Committee (February 10th, 2025), the Executive Councillor for Finance and Resources (now Cabinet Member for Finance and Resources) agreed the following:

- Noted progress made with securing equity and loan finance and developing the pipeline of projects for first investment during the second half of 2025.
- Requested that a single investment of £0.8m to the Greater Cambridge Impact is included in the 2025/26 General Fund
- Budget to be recommended to Full Council (noting these funds were agreed 'in principle' by full Council on 20th July 2023 subject to progress towards funding commitments of £5m from other parties)
- Requested that drawdown is delegated to the Executive Councillor for Finance and Resources, following consultation with Chair and Opposition Spokes, following reassurance from the Chief Executive and Chief Financial Officer in consultation with that governance arrangements are in place and due diligence is completed.
- Requested approval of the nomination of the Chief Executive as the Council's representative on the Greater Cambridge Impact Company Board.

The decision to include this in the 2025/26 General Fund was agreed by Council on 24th July 2025.

- 4.2 Significant progress has been made since the last update in February in terms of securing the additional £5m investment from other parties.

Fundraising progress

Secured to date:

- i. The fundraising target set for GCI is to reach a £6m first close and £10m for a final close.
- ii. The City Council and CPCA have each committed a £1m equity investment.

Progress:

Sara Allen, GCI Executive Director has reported that

- iii. an investor has committed £2.5m – of which £1.5m will be invested at first close, followed by a further £1m at final close

- iv. another investor has committed £1m in principle
- v. two other investors are taking decisions in the Autumn to commit a further £1.5m

If these are approved, then GCI will have achieved the £6m first close target and will be able to start making investments, once legal processes are concluded.

GCI is in discussions with a pipeline of other potential investors to achieve the further £4m investment to hit the £10m final close target.

Further details are set out in confidence, at **Annex A**.

4.3 ***Investment pipeline***

Greater Cambridge Impact's investments will take a long-term approach to improving the life chances of five groups:

- Disadvantaged young people (school/ skills)
- Children in care
- Care-experienced young people
- Families in crisis and poverty
- People who are homeless

This section brings to life three potential early investments (noting that investments are subject to the GCI Investment Committee scrutiny and GCI Board agreement). Details of the likely investment proposals are at **Annex A**, in confidence.

Children in care and care-experienced young people

Issue

As a society we fail looked after children:

- Government funding is allocated for 0-16, 16-18 and 18-25 year-olds – most funding is allocated to 0-16, with notably less for those aged 16+
- this leads to 'cliff-edges' in support, at 16 and 18 – when young people's support drops away
- most 0-16 care-homes are profit-making, with many providers delivering in regions where property is inexpensive
- many children in care will lack stability, being moved often

More than 50% of Cambridgeshire's looked-after children aged 0-16 live in homes far away – making it extremely challenging to build healthy relationships, networks, or pathways to work and sustainable housing in the region

Nationally, long-term outcomes for care-experienced young people are poor – and consequently lead to pressures across a range of public services felt across the system:

- 33% of formerly looked-after children become homeless
- 50% of people in prison have had experience of the care system

Opportunity

To create a joined-up approach to care for 0-25s that prevents long-term poor outcomes including poor mental health, homelessness, worklessness for our most vulnerable young people, instead creating pathways to independent and good lives by:

- offering a local, supportive, happy, consistent homes
- delivers trauma-informed consistent support to build strong mental health and resilience; life skills; local, healthy and supportive relationships
- using surpluses to create a 'bank of Mum and Dad'
- addresses staff turnover with a strong offer, including professional training and development pathways
- sees deep collaboration including with local government, CAHMS, schools

Families

Issue

People in food poverty face multiple, intersecting disadvantages including mental ill health, housing insecurity and/or poor living conditions, social isolation and economic inactivity.

The Cambridge State of the City 2024 describes 12.5% of all benefit households (there are 7,630 in the city), and nearly 2% of all households in the city (52,456) living in food poverty.

The dependence of VCSEs addressing food poverty and insecurity in Cambridge on grant funding means the sector can be vulnerable to changes in the funding landscape

Opportunity

The opportunity is to collaborate with our existing VCSEs so that they are financially sustainable and continue to grow from addressing food poverty and food sustainability by:

- co-locating services – including around for energy, housing, benefits and health – which address these multiple, intersecting disadvantages
- developing deep and transformative relationships with some of our most vulnerable people, helping them to navigate services and address challenges
- embedding a sustainable income generation strategy, building on the corporate relationships that GCI has across the region to unlock sustained support

Disadvantaged young people

Issue

Youth social mobility in the region is poor, with just 43% of pupils with free school meals achieving KS4 benchmark and in Cambridgeshire. In 2025, 3.9% of 16-17-year-olds living in Cambridgeshire and Peterborough were identified as being not in education, employment or training, above the national average of 3.4%. The region's NEET rate has been rising for the past three years, (from 2.9% in 2022) and in 2025, was at its

highest rate since 2016 – the earliest year of comparable data

Youth unemployment has a long-lasting negative effect on mental health, partly due to its enduring impact on employment prospects, with one study estimating that it results in an 8% to 15% reduction in wages at age 42.

While there are some good examples of provision around pathways to work and skills, provision is patchy, fragmented and funding short term. There is a need to create a single codified offer that addresses young people's wants and has cumulative impacts.

Opportunity

To:

- contribute to the co-creation and delivery of a single, codified pathway for Cambridge's young people which supports them to become active, employed citizens
- support our most disadvantaged young people to participate through Link Workers delivering sustained and tailored Impact Programmes delivering measurable improvements in social, emotional, and academic wellbeing

This links with the new Better Futures Fund (£50m pa for 10 years), Inclusive Innovation, Youth Trailblazer, the work of Form the Future and Youth Social Action and will create opportunities to:

- power transformational approaches to delivering public services from collaboration between voluntary, community and social enterprises (VCSEs) and local government,
- provide long-term financial support to allow VCSEs to scale, and increase capacity and collaboration between organisations

4.4 *The Cambridge Pledge Foundation*

The Cambridge Pledge Foundation (CPF) is a new charity that is being established to make it easier for entrepreneurs and others benefiting from the Cambridge innovation and business ecosystem to help improve the life chances of individuals and communities in the area.

CPF will provide a vehicle for individuals and organisations to make donations, including through pledging a percentage of their future wealth, and will be an equity investor in GCI. As it grows, the Cambridge Pledge could provide capital for further rounds of impact investment to scale projects that have worked and support further social innovation.

Work is well underway to:

- register as a charity
- build a pipeline of donors and pledgers – there are currently ~60 warm leads, with a focus on organisation with members which can unlock further commitments.

4.5 *Governance and team*

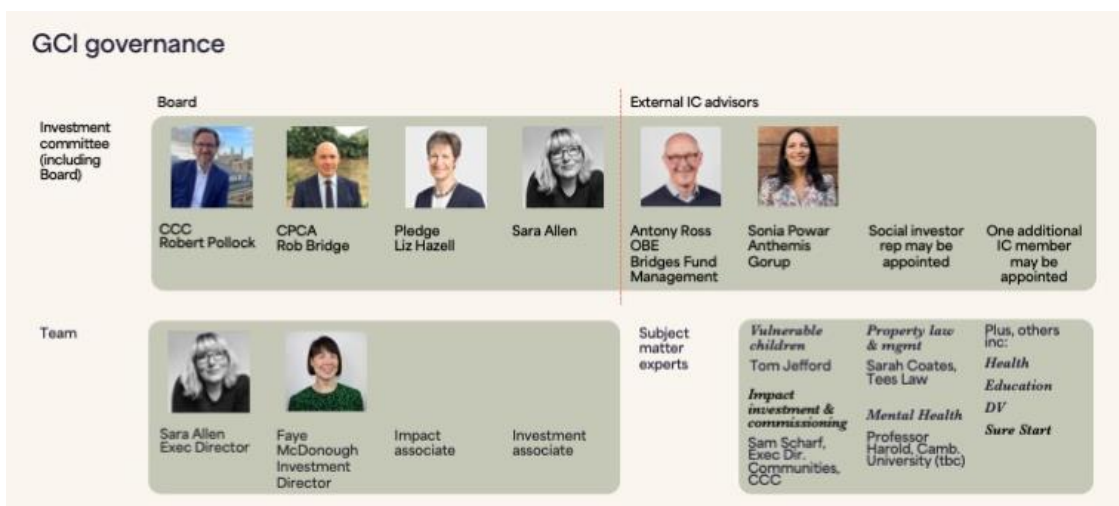
Before investments can begin, the following legal and governance arrangements are needed:

- appointment of Board members, with the Chief Executive as the Council's nominated representative, given the strategic importance of the project and his professional background in social investment – Board members have been agreed
- GCI investment company incorporation: open bank account, Anti-Money Laundering (AML) policy development and registration – the bank account is open, accountants appointed, and all outsourced support including AML is lined-up
- legal framework for investments – a term sheet for the equity investment and negotiating its contents with the initial seed equity investors – a draft term sheet for the equity investment has been developed to provide a legal framework for investments and enable due diligence with the initial seed equity investors, ahead of the detailed legal agreement documentation being developed - the term sheet is with CCC and CPCA legal teams for comment
- Cambridge Pledge charity registration - underway

The Development Board has closed as we transition to the GCI Board and Investment Committee – the first meeting will be in late September.

Based on legal advice from Mishcon de Reya, GCI has been set up as a private limited company listed on Companies House as Cambridge Social Investments Limited, company number 16453466. Directors listed for the purposes of set up are Sara Allen and Jemma Little. However, when the setup is complete the company will be managed by the Board of Directors appointed by the equity investors: the Council (Robert Pollock), CPCA (Rob Bridge), Cambridge Pledge (Liz Hazell former partner of Saffery Champness accountants specialising in the charities and not for profit sectors) and Sara Allen as the Chief Executive.

Governance is as follows:



Staffing

Faye McDonough has been appointed Investment Director, and two associates will be appointed on receipt of funding. Highlights of Faye's CV are at **Annex A, in confidence**.

The University of Cambridge Rudd Centre has offered a year-long secondment for an impact associate to work across our organisations, alongside input from academics, to ensure our investments and impact evaluation is the best it can be.

- 4.6 The Chairs and Vice-Chairs of the Overview and Scrutiny Committees for Performance, Assets and Strategy and Services, Climate and Communities have been consulted and have expressed general support following clarifications on the options considered for company structure and governance – detailed below

Clarification: Why has a limited company and not a CIC been chosen as the company structure?

Response: We considered whether a CIC would be a suitable vehicle for Greater Cambridge Impact. However, the structure, in particular the asset lock and capped returns, means that it is not a suitable vehicle for investment returns and consequently would have been a barrier to investment.

However, the structure and mission is focussed on social benefit:

- the return to social investors is modest, and necessary to secure their investment.
- any additional returns are to the equity investors - Cambridge City Council, CPCA and the Cambridge Pledge (which is being registered as a charity)
- all investees will be VCSEs or social businesses

Clarification: How will we ensure that Directors make decisions aligned to the mission?

Response: The mission, investment thesis and purpose are all focused on achieving on positive social impact. We will be amending CSI's articles of association to include a constitutional purpose statement tailored to CSI's mission before we get to 'first close' (i.e. have raised £6m and are ready to start investing). This will mean each of the CSI directors will have a company law duty to act in a way which they consider, in good faith, would be most likely to achieve the relevant purpose. (This duty would replace the "default" duty in [s.172\(1\) of the Companies Act 2006](#) which requires directors to act in a way which they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders.)

4.7 Due diligence

The Chief Executive, Chief Finance Officer and Head of Legal have reviewed the governance arrangements, investment plan, fund and cashflow model and draft investment term sheet and are satisfied that the governance structures will protect the council's interests noting that:

- i. the terms of the investment offered will ensure that investments will not be made until the £6m first close has been reached
- ii. the investment model offers suitable protections for the Council's investment

alongside the social impact returns and is based on sound assumptions

iii. detailed legal agreements will follow and be subject to further review by them

The impact investments will be made through a company which is a 'joint venture and that:

- the equity investors (including CCC and CPCA and the Cambridge Pledge Foundation) will form the company board and make all investment decisions, with input from unpaid expert advisors
- social loan investors will not join the company board
- equity investors will nominate their Board representative ensuring that they are well qualified and experienced
- all investment decisions will be signed off by the Board following recommendations from the Investment Committee
- all investors will receive an annual report on investments made, impacts and financial performance
- informal updates can also be provided by the Executive Director with the relevant board member

5. Corporate plan

5.1 Investment in Greater Cambridge Impact:

- aligns with the Council's "One Cambridge Fair for All" vision:
 - attracting finance to enable projects that will achieve greater equality in health, housing and educational outcomes
 - exemplifying true partnership between academic, business, and civic communities to enhance residents' prosperity
- aligns with the Corporate Plan priorities of tackling poverty and inequality and helping people in greatest need, reducing homelessness and modernising the council
- is key to our Community Wealth Building Strategy and is an example of how the Council can use its investment powers to support activity which tackles poverty and inequality and promotes a more inclusive and sustainable economy

6. Consultation, engagement and communication

6.1 As part of the development of the business case for the establishment of Greater Cambridge Impact, extensive research was undertaken. This included an open call for evidence on the council's website and direct engagement with the Community, Further consultation with VCSEs was carried out to help identify how the project could best support the sector and to identify a pipeline of investable projects which will attract investor interest.

Since then, the Executive Director has continued engagement with investors, partners and community and voluntary sector organisation to fundraise and develop the investment pipeline.

Both Greater Cambridge Impact and the Cambridge Pledge now have websites and key milestones such as the launch of the Cambridge Pledge and the CPCA's decision to invest have also been promoted with partners via press and social media.

There are no further direct consultation and communication implications associated with this report.

7. Anticipated outcomes, benefits or impact

7.1 The Council's investment in Greater Cambridge Impact will unlock wider investment and bring significant funding to benefit residents. In terms of the social and system benefits the impact investments made by GCI will take a long-term approach to:

- addressing inequality and improving people's life chances and community cohesion and resilience
- improving the long-term outcomes of the most disadvantaged groups supported by the interventions in terms of employment and social mobility
- increasing the likelihood of local people supported by the interventions being able to take up job opportunities
- increasing capacity and collaboration in the VCSE sector
- making space for – and enabling – innovation in public service delivery which is focused on impact by stimulating new approaches via social impact investment
- ensuring impact reporting is consistently deployed
- helping commissioners and VCSE organisations to move towards outcomes-based commissioning
- contributing to a blueprint for using government resources more creatively – and the role of impact investing in tackling national challenges (in a place-specific way)

The Greater Cambridge Impact Board, which includes the Council – will decide which investments are made. Therefore, it is not possible to specify impacts in any more detail at this stage. Financial ROI and Social Impact reporting will be provided to all investors.

8. Implications

8.1 Relevant risks

Summarise any potential risks to the Council if the decision is made. This could be financial/legal/reputational.

The project has a more detailed risk register with mitigation measures; however, the key known risks are as follows:

Risk	Probability and Impact	Mitigation
Insufficient investment is raised.	Low Probability / High Impact.	The first round of investment will not start until the Board decide there is sufficient funding secured

		<p>(£6m) and, in the pipeline, for the investment portfolio to be viable.</p> <p>Funds will be returned to Council if insufficient investment is raised, and this will be covered in the investor terms.</p>
<p>The financial return for the Council as an equity investor is lower than our original investment. This may be caused for example by loan repayment defaults or property value fluctuations.</p>	<p>Low Probability / Medium Impact.</p>	<p>Due diligence on investments to ensure loans can be repaid and supporting access to other funding streams such as public/outcomes commissioning partnerships.</p> <p>Taking a 10-year investment approach and building in future rounds over generations via the Cambridge Pledge.</p> <p>Expertise of the Board, Investment Committee and Team and ensuring a mix of investment types across the portfolio.</p>
<p>Lack of take up of loans or blended funding by local Social Sector Organisations.</p>	<p>Low Probability / High Impact.</p>	<p>Ongoing investment pipeline development by the Team.</p> <p>Continued work to facilitate collaboration and innovation across the system and build capacity of Community and Voluntary Sector organisations.</p>
<p>Investments do not generate the social impacts anticipated or</p>	<p>Medium Probability / Medium Impact.</p>	<p>Taking a 10-year investment approach and building in future</p>

take longer to achieve due to innovative nature of projects or complex needs of beneficiary groups.		<p>rounds over generations via the Cambridge Pledge.</p> <p>Expertise of the Board, Investment Committee and Team in understanding how social impact can be created and ensuring a mix of investment types across the portfolio.</p> <p>Working with investees to enable access to other partnerships and enabling stronger systems collaboration.</p>
Local Government Reform (LGR) could unsettle investors due to uncertainty and may pose a risk to investments.	Medium Probability / Low Impact.	<p>Investors will be reassured that the transfer of responsibilities linked to Investments and assets will be part of the LGR process.</p> <p>The direction of travel of LGR will be factored into investment decisions the majority of which will likely be taken before LGR implementation.</p> <p>LGR should create opportunities for greater social impact due to public service reform and innovation as part of the establishment of new unitary status.</p>

Financial Implications

- 8.2 The financial implications are included covered in the report. Advice from the Chief Financial Officer will be required to sign off the investor agreement between Greater Cambridge Impact and the Council.

Legal Implications

- 8.3 Legal advice has been sought on the draft investment term sheet and further advice will be sought on the final investor agreement between Greater Cambridge Impact and the Council.

Equalities and socio-economic Implications

- 8.4 This is an update report and there are no new direct equalities and socio-economic implications associated.

The report highlights again the purpose of the Council's investment in Greater Cambridge Impact to support investment projects that tackle systemic inequality and contribute to inclusive growth in Cambridge and the wider region and will focus on the needs of five groups in initial investment rounds: disadvantaged children and young people (school/ skills); children in care; care-experienced young people; families in crisis and poverty (including being at risk of homelessness); people who are homeless.

Net Zero Carbon, Climate Change and Environmental implications

- 8.5 There are no direct impacts that can be quantified at this stage because these will depend on the investments made by Greater Cambridge Impact. However, investment decisions will consider net zero, climate change and environmental impacts and support positive measures where possible, for example to reduce carbon emissions and enhance biodiversity as part of property investments or promoting access to local sustainably produced food.

Procurement Implications

- 8.6 None

Community Safety Implications

- 8.7 None

9. Background documents

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 9.1 Report on Greater Cambridge Impact and Cambridge Pledge to Strategy and Resources Committee 10th February 2025

<https://democracy.cambridge.gov.uk/documents/s67963/Greater%20Cambridge%20Impact%20Update%20SR%20Feb%2010%20Final%202601.pdf>

10. Appendices

- 10.1 Appendix A – Exempt – Confidential detail on fundraising and investment proposals and staff experience.

To inspect the background papers or if you have a query on the report please contact Jemma Little, Head of Economy Energy and Climate tel: 07720 145018 email: jemma.little@cambridge.gov.uk