

FINANCIAL INVESTMENT BOARD

Monday, 20 May 2019

Minutes of the meeting of the Financial Investment Board held at Guildhall, EC2 on Monday, 20 May 2019 at 1.45 pm

Present

Members:

Nicholas Bensted-Smith (Chairman)
Henry Colthurst (Deputy Chairman)
Deputy Jamie Ingham Clark
Deputy Clare James
Tim Levene
Andrien Meyers
James de Sausmarez
Ian Seaton

Also in attendance:

Deputy Tom Hoffman (Chief Commoner)

Officers:

Joseph Anstee	- Town Clerk's Department
Peter Kane	- Chamberlain
Kate Limna	- Chamberlain's Department
James Graham	- Chamberlain's Department
Catrina Arbuckle	- Mercer

1. APOLOGIES

Apologies for absence were received from Alderman Robert Howard, Alderman Robert Hughes-Penney and Deputy Henry Pollard.

The Board gave thanks and paid tribute to Andrew McMurtrie, the immediate past Chairman who had served as Chairman of the Financial Investment Board for the past 4 years.

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

There were no declarations.

3. RESOLUTION OF THE INVESTMENT COMMITTEE

The Board noted the resolution of the Investment Committee meeting held on 16 May 2019, appointing the Board and approving its composition, membership, frequency of meetings and terms of reference.

4. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED - That the public minutes and non-public summary of the meeting held on 12 February 2019 be agreed as a correct record.

5. **MONTHLY INVESTMENT ANALYSIS**

The Board received a report of the Chamberlain concerning the monthly investment analysis review for March 2019. The Board noted the current investment list, total investment values and average rate of return set out in the report.

The Chairman drew Members' attention to the current investment list and suggested the Board consider further investment in short-dated bond funds, given their higher average rate of return. The Chamberlain advised that the counterparty limit for short-dated bond funds was £100 million and suggested that the Board consider an investment of an additional £25 million in each of the two funds. The Chamberlain added that whilst interest rates were going up for this type of investment they could also fall in the future. However, it was possible to withdraw from the funds at short notice. There were more funds available than at February as the collection of business rates had resumed since then. The Board agreed that officers should look at an additional investment of £25 million in each of the short-dated bond funds, making a total of £75 million in each.

A Member asked whether any of the current allocations were not competitive, citing the performance of Payden Sterling Reserve Fund, although this was indicative of a different risk appetite. The Chamberlain responded that risk appetite in general would be reviewed, and that commentary on the performance of the Payden fund could be provided between meetings.

A Member asked for clarification on the downgrading of the Support Rating of Canadian Banks. The Chamberlain responded that this related to action taken by the Prudential Authority in Canada that meant the Canadian banks had a lesser degree of support from the Canadian government, and so were considered to carry a greater degree of risk in this regard. The Chamberlain added that a fuller note on this action and its implications could be circulated to Members of the Board.

RESOLVED – That the report be noted, and that an additional investment of £25 million be made into each of the short-dated bond funds L&G and Royal London.

6. **RISK REGISTER FOR THE FINANCIAL INVESTMENT BOARD**

The Board considered a report of the Chamberlain reviewing the Financial Investment Board's risk register. The Board noted that all risks except Governance were currently at target.

The Chairman suggested that the Board consider how to go about reaching their target position and that this be noted as an outstanding reference for the Board. The Board discussed whether the target risk score should be reconsidered, whether PRI and risks related to the LCIV should be added to the

Board's risk register as part of the Governance risk, and whether cybersecurity and the risk of hacking was held within counterparty risk. The Board asked the Chamberlain to consider how best to incorporate risks relating to cybersecurity.

The Board noted a typing error to be corrected under the Insufficient Assets risk and asked that the covering report describe the Board's reviews of the register as semi-annual rather than bi-annual. The Deputy Chairman suggested that in the long-term, risk relating to PRI could be incorporated into the Governance risk, but was an appropriate standalone risk at present.

RESOLVED – That the Financial Investment Board:

- review the existing risks and actions present on the Financial Investment Board's Risk Register, and confirm that appropriate control measures are in place;
- confirm that a dedicated PRI risk is added to the Risk Register and brought back to the next meeting for consideration; and
- request that officers consider how to incorporate Cybersecurity and Pooling risks, adding a risk relating to the LCIV to the register if deemed appropriate and in line with other local authorities, and reconsider the target risk score for governance.

7. REPORT OF ACTION TAKEN

The Board received a report of the Town Clerk advising Members of actions taken by the Town Clerk under delegated authority or urgency procedures since the last meeting of the Committee.

RESOLVED – That the report be noted.

8. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There were no questions.

9. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was no other business.

10. 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 on the grounds that they involve the likely disclosure of exempt information as defined in Part I of the Schedule 12A of the Local Government Act.

Item No.	Paragraph(s) in Schedule 12A
11 – 18	3
19 – 20	-

11. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING
RESOLVED** - That the non-public minutes of the meeting held on 12 February 2019 be agreed as a correct record.
12. **NON-PUBLIC OUTSTANDING ACTIONS**
The Board received a list of non-public outstanding actions.
13. **REVIEW REPORT OF FIB ACTIVITIES OVER THE LAST 12 MONTHS**
The Board received a report of the Chamberlain.
14. **INVESTMENT MONITORING REPORT TO 28 FEBRUARY 2019**
The Board received a report of the Chamberlain.
15. **STEWARDSHIP REVIEW**
The Board considered a report of the Chamberlain.
16. **GLOBAL EQUITY MANAGER POST TRANSITION ANALYSIS (PENSION FUND)**
The Board received a report of the Chamberlain.
17. **GLOBAL EQUITY MANAGER TRANSITION (CITY'S CASH AND BRIDGE HOUSE ESTATES)**
The Board received a report of the Chamberlain.
18. **NON-PUBLIC REPORT OF ACTION TAKEN**
The Board received a report of the Town Clerk.
19. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were several non-public questions.
20. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was one item of other business.

The meeting ended at 2.35 pm

Chairman

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