

## **FINANCIAL INVESTMENT BOARD**

**Tuesday, 12 February 2019**

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

### **Present**

#### **Members:**

Andrew McMurtrie (Chairman)	Deputy Clare James
Nicholas Bensted-Smith (Deputy Chairman)	Andrien Meyers
Henry Colthurst	James de Sausmarez
Deputy Tom Hoffman	Ian Seaton
Alderman Robert Howard	Deputy Philip Woodhouse
Deputy Jamie Ingham Clark	

#### **Officers:**

Joseph Anstee	- Town Clerk's Department
Caroline Al-Beyerty	- Chamberlain's Department
Kate Limna	- Chamberlain's Department
James Graham	- Chamberlain's Department
Catrina Arbuckle	- Mercer

#### **1. APOLOGIES**

Apologies for absence were received from Tim Levene and Deputy Henry Pollard.

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

There were no declarations.

#### **3. MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** - That the public minutes and non-public summary of the meeting held on 22 November 2018 be agreed as a correct record.

#### **4. OUTSTANDING ACTIONS**

The Board noted that Treasury Management training with Link Asset Services had taken place that morning. The Treasury Management Strategy Statement for the ensuing year was on the agenda for consideration.

**RESOLVED** – That the list of outstanding actions be noted.

#### **5. MONTHLY INVESTMENT ANALYSIS**

The Board received a report of the Chamberlain concerning the monthly investment analysis review for September 2018. The Board noted the current

investment list, total investment values and average rate of return set out in the report.

A Member asked for an update on the loan to Northamptonshire County Council, which had been due to mature in January 2019. The Chamberlain responded that the loan had been repaid on time, with interest.

In response to a query from a Member, the Chamberlain explained that business rates were paid in over ten months, and were paid out to central government over twelve months in scheduled, equal payments. As a result, cash balances were lower for a period during the year as funds continued to be paid out when they were not also being collected.

The Chamberlain advised the Board that the maximum amount for lending to banks could be reviewed and changed if it was the will of the Board. The Board noted that as the City Corporation's bank, the maximum amount for Lloyd's was higher to give necessary flexibility with regards to cashflow. Building societies were considered on the basis of their balance sheet rather than their long-term rating, and were given a maximum amount of £20 million and maximum loan duration of one year, apart from Nationwide, which was allocated a higher maximum amount and longer loan duration because of its size. The Board noted that the long-term ratings set out were attributed by Link Asset Services.

**RESOLVED** – That the report be noted.

**6. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2019/20**

The Board considered a report of the Chamberlain setting out the City's Treasury Management Strategy Statement and Annual Investment Strategy for 2019/20. The Board noted the colour copies of the Strategy provided and that changes made from the previous year's strategy were marked in yellow. The Board also noted the addendum tabled by the Chamberlain setting out changes to the capital programme. These revisions would be incorporated into the report submitted to the Finance Committee. The Chamberlain advised that the strategy had been amended by the Court of Common Council in December 2018 to include a borrowing policy for City's Cash.

The Board discussed the parameters for maximum loan durations and investment and borrowing limits. The Chamberlain advised the Board that the limits were generally there to provide flexibility and keep options open in case a good opportunity arose. All local authorities had to set an authorised limit for external debt and the figures given represented the upper threshold.

The Board noted the table setting out maturity structure of borrowing, and was advised that this addressed refinancing risk, allowing for the spread of debt for maturity at different times. This would mitigate the risk of the City Corporation having an excessive amount of debt to refinance in any one period. A Member queried the upper limit of 50% allocated for borrowing under 12 months or less, and suggested that 25% may be more appropriate as it encouraged discipline and carried less risk. The Chamberlain advised that the recommended limit

allowed flexibility. The Board then discussed approved counterparties and their investment limits, noting that Lloyds, as the bank used by the City Corporation, required a higher limit for greater flexibility, otherwise the limit for UK banks was £100 million.

A Member asked whether the limits on lending to foreign banks were too low. The Chamberlain responded that the limits had been set at £25 million for some time, as Members had previously been against having a large exposure to foreign banks. The limits could be raised if Members were minded to do so. The Board suggested that officers review the limits, and bring a report back if substantial due diligence would be required before raising the limits. However, if the changes could be made easily made, the Board agreed to delegate authority to the Town Clerk, in consultation with the Chairman and Deputy Chairman, to consider a report recommending that the limits be amended ahead of the submission of the Treasury Management Strategy to the Court of Common Council.

**RESOLVED** – That the Financial Investment Board:

- a) Delegate authority to the Town Clerk, in consultation with the Chairman and Deputy Chairman, to consider a review of the maximum lending limits to foreign banks ahead of the submission of the Treasury Management Strategy to the Court of Common Council; and
- b) Pending the above decision, approve the Treasury Management Strategy and Annual Investment Strategy for 2019/20, and submits it to the Finance Committee and the Court of Common Council as part of the City Fund – 2019 Budget Report for formal adoption.

**7. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no questions.

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

There was no other business.

**9. 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.

<b>Item No.</b>	<b>Paragraph(s) in Schedule 12A</b>
10 - 16	3
17 - 18	-

**10. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**

**RESOLVED** - That the non-public minutes of the meeting held on 22 November 2018 be agreed as a correct record.

**11. NON-PUBLIC OUTSTANDING ACTIONS**

The Board received a list of non-public outstanding actions.

**12. INVESTMENT MONITORING REPORTS**

a) **Investment Performance Monitoring to 31 December 2018** and

b) **Quarterly Monitoring Report**

The Board received reports of the Chamberlain and of Mercer.

**13. STATUTORY GUIDANCE ON ASSET POOLING IN THE LOCAL GOVERNMENT PENSION SCHEME: INFORMAL CONSULTATION**

The Board considered a report of the Chamberlain.

**14. CHARITIES POOL WORKING GROUP**

The Board considered a report of the Chamberlain.

**15. NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**

There were no non-public questions.

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

There was no other business.

**The meeting closed at 2.55 pm**

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Chairman

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