

Committee: Financial Investment Board	Date: 20 May 2019
Subject: Decisions taken under Delegated Authority or Urgency since the last meeting of the Committee	Public
Report of: Town Clerk	For Information
Report author: Joseph Anstee, Town Clerk's Department	

Summary

This report advises Members of actions taken by the Town Clerk since the last meeting of the Committee, in consultation with the Chairman and Deputy Chairman, in accordance with Standing Order Nos. 41(a) and 41(b). These actions related to:

TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2019/20 – AMENDMENT

Recommendation

Members are asked to note the report.

Main report

1. At the Financial Investment Board on 12 February, Members reviewed and approved the Treasury Management Strategy Statement and Annual Investment Strategy for 2019/20. Whilst it was agreed that this document be submitted to the Finance Committee and the Court of Common Council as part of the City Fund – 2019 Budget Report for formal adoption, Members asked officers to consider increasing the maximum lending limits for the foreign banks who are on the City's approved counterparty list for 2019/20.
2. In addition, Members delegated authority to the Town Clerk in consultation with the Chairman and Deputy Chairman to agree any changes to these limits.
3. Following consideration of the lending limits, the Chamberlain submitted a report for decision under Standing Order 41(b). The report considered the appropriateness of increasing the maximum lending limit for foreign banks who are on the City's list of approved counterparties for 2019/20, as set out in paragraph 4 of this report. If the changes were approved, the Treasury Management Strategy Statement and Annual Investment Strategy 2019/20 would be amended ahead of their submission to the Court of Common Council at its meeting on 7 March 2019.
4. The City can change the upper limit on total exposure to any single foreign banking group or it can retain the existing limit. Officers proposed that the limits for the foreign banks listed on the list of approved counterparties (Appendix 5 of

the TMSS) are amended to £100m per group (as shown in Table 1 below), to be consistent with the approved limits for UK financial institutions.

TABLE 1: FOREIGN BANKS
(with a presence in London)

FITCH RATINGS		COUNTRY AND BANK	LIMIT PER GROUP	DURATION
		<u>AUSTRALIA</u>		
AA-	F1+	AUSTRALIA AND NEW ZEALAND BANKING GROUP LTD	£100M	Up to 3 years
AA-	F1+	NATIONAL AUSTRALIA BANK LTD	£100M	Up to 3 years
		<u>SWEDEN</u>		
AA	F1+	SVENSKA HANDELSBANKEN	£100M	Up to 3 years

- The report recommended an increase from the current level of £25m per group to £100m per group for the foreign banks who are on the approved counterparty list for 2019/20, which is commensurate with the City's limits for UK-domiciled banks. Officers judged that the proposed amendment would not impair the overall quality of the creditworthiness policy and is likely to enhance it through the security benefits of diversification.

Action Taken

The Town Clerk, in consultation with the Chairman and Deputy Chairman, agreed that the maximum monetary limit for foreign banks as set out in the attached report be extended from £25m to £100m per institution/group.

Contact:

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