

## **FINANCIAL INVESTMENT BOARD**

**Wednesday, 3 July 2019**

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

### **Present**

#### **Members:**

Nicholas Bensted-Smith (Chairman)	Tim Levene
Henry Colthurst (Deputy Chairman)	Deputy Henry Pollard
Alderman Robert Howard	James de Sausmarez
Deputy Jamie Ingham Clark	Deputy Philip Woodhouse
Deputy Clare James	

#### **Also in attendance:**

Deputy Tom Hoffman (Chief Commoner)

#### **Officers:**

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

#### **1. APOLOGIES**

Apologies for absence were received from Simon Duckworth, Alderman Robert Hughes-Penney, Andrien Meyers and Ian Seaton.

#### **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 20 May 2019 be agreed as a correct record.

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

The Board received a list of outstanding actions and noted that all actions arising from the last meeting had been addressed.

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

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

The Board received a report of the Chamberlain concerning the monthly investment analysis review for May 2019. The Board noted the current investment list, total investment values and average rate of return set out in the report, and was advised that the further investments of £25 million in each of

the short-dated bond funds were made on 5 June 2019 and would be reflected in the report as of the next meeting.

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

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

The Board considered a report of the Chamberlain reviewing the Financial Investment Board's risk register. The Chamberlain introduced the report and advised the Board of amendments made to the risk register following the previous meeting, concerning asset pooling, cybersecurity and responsible investment. The Chamberlain advised of corrections on page 35 to the target risk rating and score where this did not appear in the table.

A Member asked the Board whether their targets could be more ambitious, given all but one current risk rating was currently at target, and whether the Board might consider producing a statement on risk appetite. The Chamberlain responded that identified risks were mitigated as much as possible, and risk and target would sometimes be similar. The Board could consider devising a statement on risk appetite, and as the risk register was managed by the Board, Members could make further changes if desired. The Chairman added that the nature of the Board's work meant that scores tended to be consistent.

In response to a query from a Member, the Chamberlain advised that cybersecurity was a major corporate risk, managed by the Audit and Risk Management Committee, and the risk managed by the Financial Investment Board was a smaller part of this general risk. Whilst the Board oversaw assets, there was a robust mitigation against impersonation or other fraud, as asset changes could not be made without committee approval and multiple signatories.

Members discussed whether the risk relating to Insufficient cash might need to be reviewed, in light of proposals for borrowing in the near future and the Fundamental Review. The Board then discussed responsible investment risk relating to Environmental, Social and Governance (ESG) factors, including how this was measured and distinctions within this category. A Member cited the example of Royal Dutch Shell, who had a good ESG rating as a company, but still might be considered an inappropriate investment, and asked whether these considerations were captured sufficiently, giving regard to public perception as well as the market. A Member suggested adding reference to ethical investment as part of the risk. Mercer advised that in their view carbon risk was incorporated within ESG, but the wording on the risk register could be changed to make this more explicit if desired.

The Chairman advised that this could be taken away for consideration. The Chamberlain added that officers could review this area and bring something back to a future meeting.

**RESOLVED** – That the Financial Investment Board note the amended risks and actions for the Financial Investment Board's revised Risk Register and confirm that appropriate control measures are in place.

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 20 May 2019 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 March 2019** and
- b) **Quarterly Monitoring Report Q1 2019**

The Board received reports of the Chamberlain and Mercer.

13. **HAMPSTEAD HEATH TRUST & CHARITIES POOL INVESTMENT PERFORMANCE MONITORING TO 31 MARCH 2019**

The Board received a report of the Chamberlain.

14. **SIR WILLIAM COXEN TRUST FUND PERFORMANCE MONITORING TO 31 MARCH 2019**

The Board considered a report of the Chamberlain.

15. **BHE: PART INVESTMENT OF THE PROCEEDS FROM THE SALE OF 1-5 LONDON WALL BUILDINGS - REQUEST FOR DELEGATED AUTHORITY**

The Board considered a report of the Chamberlain.

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

There were non-public questions.

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

There were items of other business.

**The meeting closed at 2.43 pm**

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Chairman

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