

FINANCIAL INVESTMENT BOARD

Thursday, 4 February 2016

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

Present

Members:

| | |
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| Andrew McMurtrie (Chairman) | Tom Hoffman |
| Nicholas Bensted-Smith (Deputy Chairman) | James de Sausmarez |
| Deputy Roger Chadwick | Ian Seaton |
| Henry Colthurst | Philip Woodhouse |
| Simon Duckworth | |

Officers:

| | |
|------------------|----------------------------|
| Philippa Sewell | - Town Clerk's Department |
| Peter Kane | - Chamberlain |
| Kate Limna | - Chamberlain's Department |
| Catrina Arbuckle | - Mercer |

1. APOLOGIES

Apologies were received from Alderman Robert Howard, Clare James, and Deputy Henry Pollard.

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

Philip Woodhouse declared a non-pecuniary interest by virtue of being acquainted with executives in Lindsell Train and Majedie.

3. MINUTES OF THE PREVIOUS MEETING

RESOLVED - That the public minutes and non-public summary of the meeting held on 8 December 2015 be agreed as a correct record.

4. OUTSTANDING ACTIONS

The Corporate Treasurer advised that the Hampstead Heath Trust was governed by the 1989 London Government Reorganisation Order. Contributions from the Trust towards the cost of managing and maintaining the Heath land were calculated on a formula basis as set out in the Order. With regard to the objectives of the Trust, officers undertook to liaise with relevant officers within the City Corporation for their views.

Charities Pool

The Corporate Treasurer advised that, once the 2015/16 accounts had been finalised in the summer, they would be sent out to the larger holders in the pool (i.e. those with Boards of Trustees external to the Corporation) along with a short survey asking for views as to preferred objectives for the Pool. These views would then inform the review of the investment strategy.

RESOLVED – That the report be noted.

5. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2016/17

The Board received a report of the Chamberlain setting out the City's Treasury Management Strategy Statement and Annual Investment Strategy for 2016/17. This report would go to the Finance Committee for approval before being presented to the Court of Common Council.

Members discussed the report, and noted the following points:

- The only change to the Treasury Strategy for 2015/16 was the increase in the maximum investment loans with maturity in excess of one year from £200m to £300m, owing to the increase in the City's overall cash holdings and the change to the Crossrail payment date.
- The format of the Strategy was set by CIPFA; officers undertook to review the duplication of information in the Strategy for 2016/17.
- To qualify for the Approved Counterparties list, an institution must meet the criteria set out at section 7 of the Strategy.

RESOLVED – That the Treasury Management Strategy Statement and Annual Investment Strategy for 2016/17 be approved and submitted to the Court of Common Council for formal adoption.

6. MONTHLY INVESTMENT ANALYSIS REVIEW

The Board received the monthly review for December 2015, which detailed the list of current investments. Members discussed the level of cash holdings and the revised deadlines for Crossrail payments, noting that cash reserves were regularly reviewed to assess potential levels of unrestricted revenues that may be available for investment purposes.

RESOLVED – That the report be noted.

7. LOCAL GOVERNMENT PENSION SCHEME - INVESTMENT REFORM CRITERIA & GUIDANCE AND CONSULTATION ON INVESTMENT REGULATIONS

The Board received a report of the Chamberlain concerning the City of London Corporation's response to the Investment Reform Criteria and Guidance for the Local Government Pension Scheme. Members discussed the reform in detail, noting the following points:

- Discussions regarding fees would be held individually with fund managers regarding the decrease in scale of current investments once the Pension Fund was moved.
- Local Authorities would retain control over their own investment strategy and asset allocations, but would not be able to choose fund managers (although the Corporate Treasurer advised that within the London CIV there was likely to be some choice). Whilst there was no requirement to hold passive investments, this should be kept under review.
- Officers had no strong objections with regard to the consultation on draft regulations, which set up legislation for intervention should Local Authorities not comply with the reformed criteria.

- The Corporation was a founding member of the CIV, and the Chairman of Policy chaired the Pensions CIV Sectoral Joint Committee, with the Chairman of the Financial Investment Board Deputising.

Members noted the CIV was holding a launch event later in the month, and also agreed to invite Hugh Grover, Chief Executive Officer at London LGPS CIV Ltd., to a future meeting.

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 |
|----------|------------------------------|
| 11-12 | 3 |
| 13-14 | - |

11. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

RESOLVED - That the non-public minutes of the meeting held on 8 December 2015 be agreed as a correct record.

12. PRIVATE EQUITY PORTFOLIO REVIEW

The Board considered a report of Mercer.

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

There were no non-public questions.

14. 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 2.50 pm

Chairman

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