

FINANCIAL INVESTMENT BOARD

Wednesday, 25 November 2020

Minutes of the virtual meeting of the Financial Investment Board held on
Wednesday, 25 November 2020 at 1.45 pm

Present

Members:

Nicholas Bensted-Smith (Chairman)
Henry Colthurst (Deputy Chairman)
Anne Fairweather
Alderman Prem Goyal
Deputy Tom Hoffman
Alderman Robert Howard
Deputy Jamie Ingham Clark
Tim Levene
Deputy Andrien Meyers
Deputy Henry Pollard
James de Sausmarez
Deputy Philip Woodhouse

Officers:

Joseph Anstee - Town Clerk's Department
Peter Kane - Chamberlain
Kate Limna - Chamberlain's Department
James Graham - Chamberlain's Department
Sarah Phillips - Town Clerk's Department

Also in attendance:

Deborah Cairney - Mercer

1. APOLOGIES

Apologies for absence were received from Alderman Robert Hughes-Penney, Deputy Clare James 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 23 September 2020 be agreed as a correct record.

4. **OUTSTANDING ACTIONS**

The Board received a list of outstanding actions. The Board noted that negative interest rates were addressed as part of the Mid-Year Treasury Management Review.

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 September 2020. The Board noted the current investment list, total investment values and average rate of return set out in the report.

RESOLVED – That the report be noted.

6. **MID-YEAR TREASURY MANAGEMENT REVIEW**

The Board received a report of the Chamberlain, providing a mid-year report reviewing Treasury Management in 2020/21. The Chamberlain introduced the report and drew Members' attention to the key points, advising that recent economic events had been taken into account and the Treasury Management Strategy was still felt to be appropriate.

The Chamberlain advised that the possibility of negative interest rates had been considered as part of the review. Whilst this would impact the Corporation's interest income, it did not necessitate a change to the Corporation's Treasury Management Strategy, and officers were not recommending any changes to policy. The Chamberlain then advised the Board on local authority lending and controls that were in place such as a maximum lending limit, individual counterparty limits and due diligence against prospective borrowers.

In response to a question from a Member regarding the recent reduction of Public Works Loan Board rates by 1%, the Chamberlain advised that this would affect other local authorities more than the City of London Corporation, but officers would undertake to assess the possible impact and provide a response for Members. In response to a question on negative interest rates, the Chamberlain advised that officers had investigated the potential impact of zero or negative rates on day-to-day operations and concluded that there would not be a significant operational impact.

RESOLVED – That the report be noted.

7. **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 two recommended amendments to the risk register.

A Member asked whether the recent announcement of a possible change from RPI to CPIH should be considered a risk in respect of the Pension Fund, although this wouldn't come into effect until 2030. The Chamberlain advised

that officers would take this away and consider it alongside the imminent speech by the Chancellor.

A Member noted the risk relating to Responsible Investment and commented that the risk also encompassed the material risk of the impact of discharging relevant obligations on long-term returns. The Chamberlain added that conversely, not taking sufficient action was a risk and there were two distinct aspects of this risk to be balanced. The Chamberlain suggested reviewing the wording of the risk to make this apparent.

RESOLVED – That the Financial Investment Board:

- a) Note the existing risks and actions present on the Financial Investment Board's Risk Register, and confirm that appropriate control measures are in place;
- b) Confirm that there are no further risks relating to the services overseen by the Financial Investment Board.

8. **PRI FRAMEWORK UPDATE**

The Board considered a report of the Chamberlain updating Members on the new PRI reporting framework, which would apply to the Board's next annual submission to the PRI in March 2021. The Chamberlain introduced the report and drew Members' attention to the key points. Reporting against the new framework would begin from Q1 2021 onwards and was expected to be more challenging for all signatories.

The Board considered the request for delegated authority to approve the new Senior Leadership Statement. The Chairman advised that if the Statement was prepared with sufficient time it could be circulated to the full Board for comment ahead of final approval.

RESOLVED – That the Financial Investment Board:

- a) Note the report; and
- b) Delegate authority to Town Clerk, in consultation with the Chairman and Deputy Chairman of the Financial Investment Board, to approve the Senior Leadership Statement as per paragraph 5(b).

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

There were no questions.

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

There was no other business.

11. **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 |
|-----------------|-------------------------------------|
| 12 - 17 | 3 |
| 18 - 19 | - |

12. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING RESOLVED** - That the non-public minutes of the meeting held on 23 September 2020 be agreed as a correct record.
13. **NON-PUBLIC OUTSTANDING ACTIONS**
The Board received a list of non-public outstanding actions.
14. **INVESTMENT PERFORMANCE MONITORING REPORTS**
 - a) **Performance Monitoring to 30 September 2020: Pension Fund**
The Board received a report of the Chamberlain.
 - b) **Performance Monitoring to 30 September 2020: City's Cash and Bridge House Estates**
The Board received a report of the Chamberlain.
 - c) **Q3 Monitoring Report**
The Board received a report of Mercer.
15. **SIR WILLIAM COXEN TRUST FUND: PERFORMANCE MONITORING REPORT TO 30 SEPTEMBER 2020**
The Board considered a report of the Chamberlain.
16. **CMA ORDER 2019 - PART 7 COMPLIANCE STATEMENT: REQUEST FOR DELEGATED AUTHORITY**
The Board considered a report of the Chamberlain.
17. **CHARITIES POOL/HAMPSTEAD HEATH: CHARGING FOR MANAGER FEES**
The Board considered a report of the Chamberlain.
18. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**
There were no non-public questions.
19. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was other business.

The meeting ended at 3:05pm.

Chairman

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