

## **FINANCIAL INVESTMENT BOARD**

**Wednesday, 9 February 2022**

Minutes of the meeting of the Financial Investment Board held at Guildhall, EC2 on  
Wednesday, 9 February 2022 at 1.45 pm

### **Present**

#### **Members:**

Nicholas Bensted-Smith (Chairman)  
Henry Colthurst (Deputy Chairman)  
Anne Fairweather  
Alderman Robert Hughes-Penney  
Deputy Clare James  
Tim Levene  
Deputy Andrien Meyers  
Ian Seaton  
Deputy Philip Woodhouse

#### **Officers:**

Joseph Anstee	- Town Clerk's Department
Caroline Al-Beyerty	- Chamberlain's Department
Kate Limna	- Chamberlain's Department
James Graham	- Chamberlain's Department
Julia Pridham	- City Bridge Trust
Simi Shah	- Town Clerk's Department

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

Steve Turner	- Mercer
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#### **1. APOLOGIES**

Apologies for absence were received from Alderman Prem Goyal, Alderman Robert Howard, Deputy Robert Merrett, Deputy Henry Pollard and James de Sausmarez.

#### **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 30 November 2021 be agreed as a correct record.

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

There were no public outstanding actions.

5. **TREASURY MANAGEMENT UPDATE AS AT 31 DECEMBER 2021**

The Board received a report of the Chamberlain providing a summary of the City of London Corporation's treasury management portfolio (investments) as at 31 December 2021. The Chamberlain introduced the report and drew Members' attention to the key points. The Board noted the improvement in rates available arising from the successive increases to base interest rates by the Bank of England. Consequently, new deposits had been placed at higher yields with further improvements expected as existing deposits mature and are recycled. The competitiveness of the notice account deposits was continually monitored, with rates being re-negotiated where appropriate. In response to a question from the Deputy Chairman regarding interest rates on renewal of matured investments, the Chamberlain advised that one-year deposits with high quality banks currently yielded 1.2-1.3%, a significant increase on the previous 2 years.

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

6. **ANNUAL TREASURY MANAGEMENT STRATEGY 2022/23**

The Board considered a report of the Chamberlain setting out the City of London Corporation's Treasury Management Strategy Statement and Annual Investment Strategy (TMSS) for 2022/23. The Chairman introduced the item before the Chamberlain introduced the report, which was a requirement in line with CIPFA guidance. The Chamberlain highlighted the key areas of the strategy, including a proposal to introduce multi-asset funds to the list of permitted non-specified investments, with an overall limit of up to £50million, which would be implemented following due diligence if agreed. The Chamberlain also advised that revised versions of the Treasury Management Code of Practice and the Prudential Code for Capital Finance in Local Authorities would be applied from the 2023/24 financial year and therefore were not applicable to this version of the TMSS, although the key changes were highlighted in the report.

In response to a request from the Chairman, the Chamberlain outlined the due diligence process for implementing the proposed multi-asset fund allocation, which involved a shortlisting of suitable products by LINK Asset Services before these were scrutinised by officers in conjunction with the Chairman and Deputy Chairman, accounting for factors such as cashflow requirements and volatility. The Chamberlain advised that the limit of up to £50million represented an initial testing of the market, which could be raised to up to £100million if appropriate and subject to further Member approval.

The Board noted that the TMSS would also be submitted to the BHE Board and Finance Committee for endorsement before submission to the Court of Common Council for approval. The Chamberlain advised that, if approved, new investments in multi-asset funds could be placed within 6 months. A Member queried the extent to which an ESG overlay should be required for short- and medium-term investments, and whether this should form part of the due diligence process. The Chamberlain responded that a requirement to address ESG considerations would be included within the revised CIPFA Codes;

wording on managing ESG risks was now included in the TMSS and this would develop over time.

**RESOLVED** – That the Financial Investment Board reviews and approves the Treasury Management Strategy Statement and Annual Investment Strategy for 2022/23, for submission to the Finance Committee and the Court of Common Council as part of the City Fund 2022/3 Budget Report for formal adoption.

7. **AMENDMENT TO RISK REGISTER FOR FINANCIAL INVESTMENT BOARD**  
The Board considered a report of the Chamberlain introducing a proposed amendment from officers to the Risk Register for the Financial Investment Board to adequately capture risks surrounding asset allocation decision making following feedback from Members at the last meeting on 30 November 2021. The Chamberlain introduced the report and highlighted the changes made for the Board.

Members endorsed the proposed amendments, which would be useful for informing future direction, noting the significant changes in governance to be implemented from next year. The Chamberlain acknowledged that this would necessitate changes, with the wording based on the existing governance arrangements. Members then asked that consultation be undertaken on the proposals for the implementation of the new governance arrangements ahead of their consideration at Committee, as the insight of the current Financial and Property Investment Boards would be beneficial.

**RESOLVED** – That the Financial Investment Board agree the proposed amendments to risk CHB FIB 02 (Targeted returns) as presented in the appendix to the report.

8. **REPORT OF ACTION TAKEN**  
The Board received a report of the Town Clerk advising Members of an action 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(b).

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

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.

<b>Item No.</b>	<b>Paragraph(s) in Schedule 12A</b>
12-17	3
18-19	-

12. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**  
**RESOLVED** - That the non-public minutes of the meeting held on 30 November 2021 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) **Quarterly Monitoring Report to 31 December 2021**  
The Board received a report of Mercer.
  - b) **Performance Monitoring to 31 December 2021: Pension Fund**  
The Board received a report of the Chamberlain.
  - c) **Performance Monitoring to 31 December 2021: City's Cash**  
The Board received a report of the Chamberlain.
  - d) **Performance Monitoring to 31 December 2021: Bridge House Estates**  
The Board received a report of the Chamberlain.
15. **MANAGER MEETING – FOLLOW UP**  
The Board received a report of the Chamberlain.
16. **QUARTERLY UPDATE ON FINANCIAL INVESTMENTS WORKSTREAM UNDER THE CLIMATE ACTION STRATEGY**  
The Board received a report of the Chamberlain.
17. **CHARITIES REVIEW RECOMMENDATION - THE CITY OF LONDON CHARITIES POOL**  
The Board received a report of the Managing Director of BHE.
18. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE**  
There was one non-public question.
19. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE COMMITTEE AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**  
There was one item of other business.

**The meeting ended at 2.45 pm**

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Chairman

**Contact Officer: Joseph Anstee  
joseph.anstee@cityoflondon.gov.uk**