

FINANCIAL INVESTMENT BOARD

Tuesday, 31 May 2022

Minutes of the meeting of the Financial Investment Board held at Guildhall, EC2 on
Tuesday, 31 May 2022 at 1.45 pm

Present

Members:

Deputy Andrien Meyers (Chair)
Shahnan Bakth (Deputy Chair)
Nicholas Bensted-Smith
Deputy Henry Colthurst
Deputy Christopher Hayward

Officers:

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

Also in attendance:

Randall Anderson
Lucy Tusa (Mercer)

At the beginning of the meeting Deputy Christopher Hayward, as the senior Member present, was moved into the Chair until the election of a Chair.

1. APOLOGIES

Apologies for absence were received from Simon Duckworth (Chief Commoner).

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

There were no declarations.

3. ELECTION OF CHAIR

The Board proceeded to elect a Chair in accordance with Standing Order No.29. The Town Clerk invited expressions of interest and Deputy Andrien Meyers, being the only Member who expressed their willingness to serve, was duly elected as Chair of the Financial Investment Board for the ensuing year. The Chair thanked Members for their support and expressed his anticipation in leading the new Board during the next year.

4. ELECTION OF DEPUTY CHAIR

The Board proceeded to elect a Deputy Chair in accordance with Standing Order No.30. The Town Clerk invited expressions of interest and Shahnan Bakth, being the only Member who expressed their willingness to serve, was

duly elected as Deputy Chair of the Board for the ensuing year. The Deputy Chair thanked Members for their support.

5. APPOINTMENT OF CO-OPTED MEMBERS

The Board proceeded to appoint up to two co-opted Common Councillors for the 2022/23 municipal year, as per the Board's terms of reference. The Town Clerk advised that expressions of interest had been sought from the Court of Common Council and there were four candidates seeking appointment, Deputy Henry Pollard, Anett Rideg, Ian Seaton, and Deputy Philip Woodhouse, for whom supporting statements had been circulated ahead of the meeting. A ballot of Members present was undertaken, and having received the most votes, Deputy Henry Pollard and Deputy Philip Woodhouse were appointed.

RESOLVED – That Deputy Henry Pollard and Deputy Philip Woodhouse be appointed to the Board for the ensuing year.

6. TERMS OF REFERENCE

The Board received its terms of reference as agreed by the Policy & Resources Committee on 5 May 2022.

Noting that this was the first year of the Board following its reconstitution under the new governance arrangements, Members discussed the Board's constitution and terms of reference. A Member commented that a single reporting line to a Grand Committee was preferable to dual reporting to both Policy & Resources Committee and Finance Committee. The Member added that the Board was an important sub-committee and that its constitution should be reviewed with a view to reaching an optimal position over time.

Members further noted typographical errors which required correction, such as a reference to the Property Investment Board. The Board also noted that the constitution included provision for up to four external Co-opted Members, in addition to the two Members co-opted from the Court of Common Council. Members discussed whether this was an appropriate balance, noting that it was possible that internal co-option may satisfy the relevant experience required for the Financial Investment Board. A Member suggested that it may be appropriate to undertake a skills matrix to assess the Board's needs in this regard, adding that an external perspective may be beneficial.

The Board further noted that under the current constitution, a majority of Board Members were appointed on an annual basis, and Members felt that this may not be appropriate for the Financial Investment Board, given the City Corporation's position as a long-term investor. A Member commented that if the Property Investment Board had similar comments regarding their governance following reconstitution, the Boards could put a joint resolution to the parent Grand Committees outlining the issues raised and to suggest amendments.

The Board agreed that, in addition to the correction of typographical errors, the Board should raise the matters of reporting lines, length of appointment, and constitution, preferably via a joint resolution to Policy & Resources Committee and Finance Committee with the Property Investment Board. The Board agreed

to delegate authority to agree the terms of the resolution to the Chair and suggested that this be circulated to Board Members prior to submission.

7. **MINUTES OF THE PREVIOUS MEETING**

RESOLVED - That the public minutes and non-public summary of the meeting held on 9 February 2022 be agreed as a correct record.

8. **TREASURY MANAGEMENT UPDATE AS AT 31 MARCH 2022**

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 March 2022. The Chamberlain introduced the report and drew Members' attention to the key points. The Chamberlain advised that deposits were listed in chronological order by maturity date within the Link Monthly Investment Analysis Review report, and this was useful for observing changes in interest rates over time.

In response to a question from the Deputy Chair, the Chamberlain advised that whilst the Board's regular reporting primarily used counterparty ratings supplied by Fitch, operationally officers used ratings provided by other agencies in making assessments. The Chamberlain advised that the aim is to have a diverse portfolio with access to wide range of products, noting that this had been more difficult during Covid-19. The Board noted that any change to the use of counterparty ratings would have to be implemented by amending the Treasury Management Strategy. Officers agreed to review this when the 2022/23 Treasury Management Strategy is prepared later in the year.

The Chair then asked officers to advise on interest receivable and the total fees paid in 2021/22, also noting that an updated cashflow forecast was due to be submitted to the next meeting, which would be linked to the balance sheet position. The Chamberlain advised that cashflow information was submitted to the Board to illustrate the Treasury Management position. A Member added that it was important that Finance Committee were more familiar with the long-term cashflow situation given the ongoing capital expenditure programme, and that it should also be submitted to the Board in order to inform investment decisions.

RESOLVED – That the report be noted.

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

The Board considered a report of the Chamberlain reviewing the key Risk Register for the Financial Investment Board. The Chamberlain introduced the report, drawing Members' attention to the key points and outlining changes made to the Risk Register since the previous review. In response to a request from the Deputy Chair, the Chamberlain advised Members that the flightpath included on each risk demonstrated the historical record of the risk and set out how it should be interpreted.

A Member asked whether the target in respect of counterparty failure (CHB FIB 04) was realistic and how it was intended to reach the target score, given the target date for this was within 12 months. The Chamberlain responded that the

corporate template was not always perfectly applicable to specific risks, but that the target could be reviewed if the Board felt this was necessary. The Chamberlain added that the risk of counterparty failure could be mitigated but not eliminated, and that there were currently no plans to change the way counterparties were reviewed, although the process was consistently monitored for potential improvement. The Chamberlain proposed changing the target score from Rare to Unlikely, which was agreed by the Board.

The Chair then asked whether the City Corporation had a Cybersecurity Policy and whether counterparties were assessed against this policy. The Chamberlain responded that internal control reports were requested from the City Corporation's fund managers and service providers, and they were reviewed as part of the annual reporting process. The Chamberlain added that this had previously revealed IT security issues and led to those concerns being addressed.

The Chair then noted the key change to the Risk Register, in respect of insufficient assets, and commented that the risk of insufficient cash was linked to this. The Chamberlain advised that the risk score on insufficient assets had been increased from Unlikely to Possible, and that this risk was principally linked to City's Cash, whereas the risk of insufficient cash primarily concerned the City Fund, so that while the risks were linked they were from different perspectives.

A Member queried whether the Treasury should be re-labelled as City Fund, as this would be simpler. The Chamberlain advised that whilst the Treasury was broadly made up of the City Fund, it did encompass other elements, which meant it would be problematic to refer to it specifically as City Fund. However, the Chamberlain suggested that it could be worded as 'Treasury, including the City Fund' where necessary to make this clear.

RESOLVED – That the Financial Investment Board:

- i) Review the existing risks and actions present on the Financial Investment Board's Risk Register, with comments as above, and confirm that appropriate control measures are in place; and
- ii) Confirm that there are no further risks relating to the services overseen by the Financial Investment Board.

10. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD

There were no questions.

11. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT

There was no other business.

12. 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
13-16	3
17-18	-

13. **NON-PUBLIC MINUTES OF THE PREVIOUS MEETING**
RESOLVED - That the non-public minutes of the meeting held on 9 February 2022 be agreed as a correct record.
14. **NON-PUBLIC OUTSTANDING ACTIONS**
The Board received a list of non-public outstanding actions.
15. **INVESTMENT PERFORMANCE MONITORING REPORTS**
 - a) **Performance Monitoring to 31 March 2022: City's Cash**
The Board received a report of the Chamberlain.
 - b) **Quarterly Monitoring report to 31 March 2021**
The Board received a report of Mercer.
16. **CHARITIES POOL AND HAMPSTEAD HEATH TRUST FUND: FUND MANAGER STRATEGY CHANGE**
The Board considered a report of the Chamberlain.
17. **NON-PUBLIC QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
There were no non-public questions.
18. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT AND WHICH THE BOARD AGREE SHOULD BE CONSIDERED WHILST THE PUBLIC ARE EXCLUDED**
There was other business.

The meeting ended at 3.14 pm

Chair

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