

FINANCIAL INVESTMENT BOARD

Friday, 17 February 2023

Minutes of the meeting of the Financial Investment Board held at Guildhall, EC2 on Friday, 17 February 2023 at 11.00 am

Present

Members:

Deputy Andrien Meyers (Chairman)
Deputy Simon Duckworth (Chief Commoner)
Deputy Philip Woodhouse

Officers:

Caroline Al-Beyerty	- Chamberlain's Department
Kate Limna	- Chamberlain's Department
Sarah Port	- Chamberlain's Department
Dylan McKay	- Town Clerk's Department
John Cater	- Town Clerk's Department
Lucy Tusa	- Mercer

1. APOLOGIES

Apologies were received from Shahnaz Bakht, Nicholas Bensted-Smith, Henry Colthurst, Christopher Hayward, and Henry Pollard.

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 21st October 2022 be agreed as a correct record.

4. TREASURY MANAGEMENT UPDATE AS AT 31 DECEMBER 2022

The Board received a Report of the Chamberlain summarising the City of London Corporation's treasury management portfolio (investments) as at 31 December 2022.

In response to a query, officers confirmed that, as per page 21 of the pack, the average interest rate across the current funds equated to 1.52%. The impact of rising interest rates over the recent period had delivered a positive impact on City Fund's position for 2022/23.

Given the likelihood that interest rates would continue on an upward curve through the first half of 2023 and that rates would remain high relative to recent history for some time to come, a Member queried whether plans should be put in place to either break or re-negotiate the current fixed term deposits.

Officers advised that a break or re-negotiation of current terms would not be desirable given the negative impact this would have on the City Corporation's reputation; it should be noted, however, that as these terms matured and eventually expired, opportunities would arise for new terms to be agreed which would generate higher returns.

In response to a query, officers advised Members that whilst the value of the Corporation's short-dated bond fund investments has declined in the reporting period as market rates have increased, these investments remain appropriate for surplus cash balances that can be invested sustainably over the medium-term given the expectation for higher returns over this time horizon. Members asked whether, given these investments were entered into during an era of historically low interest rates, careful consideration should be given about planning an exit strategy which balanced the potential losses of exiting alongside the critical requirement to meet the City's Cash Flow needs over the coming period, the City shouldn't be afraid to take a loss in the short-term if it meant greater gains further down the line.

The Chair asked for a short update to come back to the Board outlining potential exit scenarios and a provisional timeline for when the City would be drawing down on cash. It was important for Members to understand when the best timing was for any significant shift in approach.

Given the quite rapid changes in the market and the fact that the Board would not meet again until later in the spring, Members also proposed that the Town Clerk, in consultation with the Chair and the Deputy Chair of the Board, be provided delegated authority to authorise an exit from the short-dated bond fund investments if this was recommended by officers as being advantageous for the City.

In response to a query, officers would go away to consider whether ranges could be established across the different classes; the current position for the City (and other local authorities) was that the counter party would set the limits.

RESOLVED – that the Board noted the Report.

5. **MID-YEAR TREASURY REVIEW 2022/23**

The Board received a Report of the Chamberlain concerning the Mid-Year Treasury Management Review for 2022/23.

RESOLVED – that the Board noted the Report.

6. **TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY 2023/24**

The Board considered a Report of the Chamberlain concerning the Treasury Management Strategy Statement and Annual Investment Strategy 2023/24.

The Board requested that officers amend the title of this paper i.e., the Treasury Management Strategy Statement and Annual Investment Strategy to make it

clearer that the matters under consideration concerned City Fund and not City's Cash (i.e., this did not apply to the equities and securities portfolio for City's Cash). Whilst this would be picked up orally at the next meeting of the Finance Committee, the Chair asked the Chamberlain to revise the wording in the document in advance of it going to the Court of Common Council in March to clarify this point.

The Chamberlain and the Chairman of the Finance Committee informed the Board that a dashboard outlining the City's cashflow position would be submitted to the Finance Committee monthly.

To assist with efficiency, the Chair asked officers to consider options for increasing the scope of officer delegations concerning matters that were currently under the Board's remit; this was in line with a similar proposal from the Chairman of the Finance Committee who had tasked the Chamberlain to bring a paper to the May meeting of the Finance Committee with proposals to extend officer delegation thresholds materially.

In response to a query, the Chamberlain confirmed that annual due diligence was currently being undertaken with regards to the banks which the City had funds with. It was also confirmed that all of these Banks were UK domiciled.

The Chamberlain confirmed that this paper had to be approved by financial year end and any major changes "in-year" would require the fresh approval of the relevant Committees and Court. Any minor changes were delegated to the Chamberlain to resolve.

Separately, the Chamberlain confirmed that a Report would be submitted to the May meeting of the Finance Committee (as usual) asking for Members to agree the interest rate for internal borrowing at the City Corporation (i.e., between City funds and institutions).

RESOLVED – that the Board reviewed and approved the Treasury Management Strategy Statement and Annual Investment Strategy for 2023/24 and endorsed it to the Finance Committee and the Court of Common Council as part of the City Fund 2023/24 Budget Report for formal adoption.

7. **RISK REGISTER UPDATE**

The Board considered a Report of the Chamberlain concerning the key Risk Register for the Financial Investment Board.

Members asked that the title of CHB FIB 05 was amended from "Insufficient Cash" to "Cashflow management".

The Board asked that more consideration was given to making the direction of travel of the risks clearer and more user friendly to the lay person, the Chamberlain would raise this with her fellow Chief Officers as part of the wider workstream to improve the processes and information around Risks.

RESOLVED – that the Board:

- Reviewed the existing risks and actions present on the Financial Investment Board's Risk Register, and confirmed that appropriate control measures are in place; and
- Confirmed that there are no further risks relating to the services overseen by the Financial Investment Board.

8. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE COMMITTEE

There was one question.

Given the low attendance of Members at today's meeting, a Member asked whether the Board was constituted correctly. The Chair shared the Member's concerns and informed fellow Members that, as part of the wider governance review, consideration was being given to the future of the Board. The Chair would pick up on this matter further in non-public session.

The Board recorded their formal concern in public that action needed to be taken on these matters given the critical nature of the Board's function and remit.

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.

11. NON-PUBLIC MINUTES OF THE PREVIOUS MEETING

RESOLVED - That the non-public minutes of the meeting held on 21st October 2022 be agreed as a correct record.

12. PERFORMANCE MONITORING CITY'S CASH

12.1 Quarterly Monitoring report to 31 December 2022

The Board received the Quarterly Monitoring Report to 31st December 2022; this Report was produced by Mercer.

12.2 Performance Monitoring to 31 December 2022

The Board received a Report of the Chamberlain concerning performance monitoring to 31 December 2022.

13. HAMPSTEAD HEATH TRUST AND CHARITIES POOL: PERFORMANCE MONITORING TO 31 DECEMBER 2022

The Board received a Report of the Chamberlain concerning the Hampstead Heath Trust and Charities Pool.

14. SIR WILLIAM COXEN TRUST FUND: PERFORMANCE MONITORING TO 31 DECEMBER 2022

The Board received a Report of the Chamberlain concerning the value and investment performance of the Sir William Coxen Trust Fund to 31 December 2022.

15. PRI 2021 ASSESSMENT UPDATE

The Board received a Report of the Chamberlain concerning the Principles for Responsible Investment (PRI) Assessment report for 2021.

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

There were no 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 was no other business.

The meeting ended at 12.30 pm

Chairman

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