

Minute

Investments Sub-committee

Thursday, 28 February 2019, 14:15.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors W Leslie Manson, Rachael A King, Stephen Sankey, John A R Scott, Graham L Sinclair and James W Stockan.

Clerk

Sandra Craigie, Committees Officer.

In Attendance

- Gareth Waterson, Head of Finance.
- Hayley Green, Head of IT and Facilities.
- Colin Kemp, Corporate Finance Senior Manager.
- Shonagh Merriman, Accounting Manager (Corporate Finance).
- Michael Scott, Solicitor.

Apology

- Councillor Steven B Heddle.

Declarations of Interest

- No declarations of interest were intimated.

Chair

- Councillor W Leslie Manson.

1. Disclosure of Exempt Information

The Sub-committee noted the proposal that the public be excluded from the meeting for consideration of Items 5 and 6, as the business to be discussed involved the potential disclosure of exempt information of the classes described in the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

2. Revenue Expenditure Monitoring

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Accounting Manager (Corporate Finance), the Sub-committee:

Noted:

2.1. The revenue financial summary statement in respect of Strategic Reserve Fund services for the period 1 April to 31 December 2018, attached as Annex 1 to the report by the Head of Finance, indicating a budget deficit position of £4,349,700.

2.2. The revenue financial detail by Service Area statement in respect of Strategic Reserve Fund services for the period 1 April to 31 December 2018, attached as Annex 2 to the report by the Head of Finance.

2.3. The explanations given, and actions proposed in respect of significant budget variances, as outlined in the Budget Action Plan, attached as Annex 3 to the report by the Head of Finance.

3. Temporary Loans

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Accounting Manager (Corporate Finance), the Sub-committee:

Noted:

3.1. The status of the temporary loan portfolio as at 31 December 2018, as detailed in section 3 of the report by the Head of Finance.

3.2. That, for the period 1 April to 31 December 2018, the temporary loans portfolio made a return of £196,776.35 at an average interest rate of 0.80%.

3.3. That the Treasury Policy Statement was being adhered to by the Finance Service and was producing an acceptable rate of return.

4. Exclusion of the Public

On the motion of Councillor W Leslie Manson, seconded by Councillor James W Stockan, the Sub-committee resolved that the public be excluded for the remainder of the meeting, as the business to be considered involved the disclosure of exempt information of the classes described in Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

5. Strategic Reserve Fund – Investment Strategy

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraphs 6 and 9 of Part 1 of Schedule 7A of the Act.

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Corporate Finance Senior Manager, the Sub-committee:

Noted:

5.1. That, on 21 November 2018, the Sub-committee considered an independent review, undertaken by Hymans Robertson, of the Strategic Reserve Fund managed funds investment strategy.

5.2. That the Sub-committee subsequently requested the Head of Finance, in consultation with Hymans Robertson, to develop the findings of the review of the investment strategy for the Strategic Reserve Fund into a set of specific proposals for a revised investment strategy of the managed funds.

5.3. The Investment Strategy Review Follow Up, attached as Appendix 2 to the report by the Head of Finance, prepared by Hymans Robertson.

The Sub-committee resolved, in terms of delegated powers:

5.4. That, in order to provide greater focus on income generation, the Investment Strategy for the Strategic Reserve Fund managed funds be revised.

5.5. That the Head of Finance, in consultation with Hymans Robertson, develop an action plan and commence the process of implementing the revisions to the Investment Strategy for the Strategic Reserve Fund, as set out at paragraph 5.4 above.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

6. Statement of Managed Funds

Under section 50A(4) of the Local Government (Scotland) Act 1973, the public had been excluded from the meeting for this item on the grounds that it involved the disclosure of exempt information as defined in paragraph 6 of Part 1 of Schedule 7A of the Act.

After consideration of a report by the Head of Finance, copies of which had been circulated, and after hearing a report from the Corporate Finance Senior Manager, the Sub-committee:

Noted:

6.1. The review of investment performance by Hymans Robertson, the Council's appointed investment advisors, for the quarter to 31 December 2018, attached as Appendix 1 to the report by the Head of Finance.

6.2. The Sustainable Investment Report as at 31 December 2018, produced by the Equities and Bonds Portfolio Manager, attached as Appendix 2 to the report by the Head of Finance.

6.3. The Investment Stewardship as at 31 December 2018, produced by the UK Property and Diversified Growth Portfolio Manager, attached as Appendix 3 to the report by the Head of Finance.

The above constitutes the summary of the Minute in terms of the Local Government (Scotland) Act 1973 section 50C(2) as amended by the Local Government (Access to Information) Act 1985.

7. Conclusion of Meeting

At 15:35 the Chair declared the meeting concluded.

Signed: L Manson.