

# Minute

## Investments Sub-committee

Thursday, 29 February 2024, 11:30.

Council Chamber, Council Offices, School Place, Kirkwall.



## Present

Councillors Alexander G Cowie, P Lindsay Hall, Steven B Heddle, Rachael A King, Kristopher D Leask and Heather N Woodbridge.

## Clerk

- Sandra Craigie, Committees Officer.

## In Attendance

- Erik Knight, Head of Finance.
- Shonagh Merriman, Service Manager (Corporate Finance).
- Gavin Barr, Economic Development Manager (for Items 3 to 6).
- Katie Gibson, Team Manager (Corporate Finance).
- Michael Scott, Solicitor.
- Carol Coleman, Economic Development Officer (for Items 3 to 6).

## Apology

- Councillor Mellissa-Louise Thomson.

## Declarations of Interest

- No declarations of interest were intimated.

## Chair

- Councillor Alexander G Cowie.

## 1. Revenue Expenditure Monitoring

After consideration of a report by the Head of Finance, copies of which had been circulated, the Sub-committee:

Noted:

**1.1.** The revenue financial summary statement, in respect of service areas for which the Investments Sub-committee was responsible, for the period 1 April to 31 December 2023, attached as Annex 1 to the report by the Head of Finance, indicating a budget overspend position of £4,292,000.

**1.2.** The revenue financial detail by service area statement, in respect of service areas for which the Investments Sub-committee was responsible, for the period 1 April to 31 December 2023, attached as Annex 2 to the report by the Head of Finance.

The Sub-committee scrutinised:

**1.3.** 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, and obtained assurance that action was being taken with regard to significant budget variances.

## **2. Exclusion of Public**

On the motion of Councillor Alexander G Cowie, seconded by Councillor Rachael A King, the Sub-committee resolved that the public be excluded from the remainder of the meeting, as the business to be discussed involved the 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.

## **3. Treasury Management – Monitoring**

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 Service Manager (Corporate Finance), the Sub-committee:

Scrutinised:

**3.1.** The quarterly report, attached as Appendix 1 to the report by the Head of Finance, prepared by Link Treasury Services, the Council's Treasury Adviser, which covered the following elements of treasury management, and obtained assurance that the Treasury Management Practices were operating effectively:

- An economic update for the quarter ended 31 December 2023.
- Interest rate forecasts.
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy.
- A review of prudential and treasury indicators for 2023/24, as at 31 December 2023.

**3.2.** The status of the temporary loans portfolio as at 31 December 2023, as detailed in section 4 of the report by the Head of Finance, and obtained assurance that the Treasury Management Practices were operating effectively and the portfolio was producing an acceptable rate of return.

## **4. 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 Service Manager (Corporate Finance), the Sub-committee:

Noted:

**4.1.** The investment monitoring report for the Strategic Reserve Fund produced by Hymans Robertson, the Council's appointed investment advisor, attached as Appendix 1 to the report by the Head of Finance, relating to the performance of managed funds for the quarter to 31 December 2023.

**4.2.** That the Strategic Reserve Fund investments returned a gain of £4,200,000, or 4.3% over the quarter ending 31 December 2023, which was 0.5% ahead of benchmark and therefore considered good.

**4.3.** That the investment returns on the Strategic Reserve Fund had been positive over the 12-month period to 31 December 2023 with the value of the Fund increasing by 7.6%, which was 2.1% behind benchmark and, therefore, considered poor.

**4.4.** The Barings Global High Yield Credit Strategies Fund ESG report for the quarter ending 31 December 2023, attached as Appendix 2 to the report by the Head of Finance.

**4.5.** The Schroders Sustainable Investment report for the quarter ending 31 December 2023, 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.**

## **5. Review of Local Investment**

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, together with an Equality Impact Assessment and an Island Communities Impact Assessment, copies of which had been circulated, the Sub-committee:

Resolved, in terms of delegated powers, what action should be taken with regard to a local investment.

**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. Conclusion of Meeting**

At 12:48 the Chair declared the meeting concluded.

Signed: Alexander G Cowie.