

## **Item: 15**

**Investments Sub-committee: 14 September 2023.**

### **1. Recommendations**

**It is recommended:**

#### **1.1.**

That the Committee approves the attached minute as a true record.

### **2. Appendix**

Draft Minute of the Meeting of the Investments Sub-committee held on 14 September 2023.

# Minute

## Investments Sub-committee

Thursday, 14 September 2023, 14:00.

Council Chamber, Council Offices, School Place, Kirkwall.



## Present

Councillors James W Stockan, P Lindsay Hall, Steven B Heddle, Kristopher D Leask and Rachael A King.

## Present via remote link (Microsoft Teams)

Councillor Mellissa-Louise Thomson.

## Clerk

- Sandra Craigie, Committees Officer.

## In Attendance

- Gareth Waterson, Corporate Director for Enterprise and Sustainable Regeneration.
- Erik Knight, Head of Finance.
- Shonagh Merriman, Service Manager (Corporate Finance).
- Katie Gibson, Team Manager (Corporate Finance).
- Michael Scott, Solicitor.

## Apology

- Councillor Heather N Woodbridge.

## Declarations of Interest

- No declarations of interest were intimated.

## Chair

- Councillor James W Stockan, Leader.

## 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 class described in the relevant paragraph of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

## **2. Revenue Expenditure Outturn**

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

Noted:

**2.1.** The revenue expenditure outturn statement in respect of service areas for which the Investments Sub-committee was responsible, for financial year 2022/23, attached as Annex 1 to the report by the Head of Finance, indicating a budget deficit position of £31,582,600.

**2.2.** The revenue financial detail by service area statement in respect of service areas for which the Investments Sub-committee was responsible, for financial year 2022/23, attached as Annex 2 to the report by the Head of Finance.

The Sub-committee scrutinised:

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

## **3. Revenue Expenditure Monitoring**

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

Noted:

**3.1.** The revenue financial summary statement in respect of service areas for which the Investments Sub-committee was responsible, for the period 1 April to 30 June 2023, attached as Annex 1 to the report by the Head of Finance, indicating a budget overspend position of £4,044,600.

**3.2.** 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 30 June 2023, attached as Annex 2 to the report by the Head of Finance.

The Sub-committee scrutinised:

**3.3.** 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.

## **4. Exclusion of Public**

On the motion of Councillor James W Stockan, seconded by Councillor Rachael A King, 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 the relevant paragraphs of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

## **5. 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:

**5.1.** 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 30 June 2023.

**5.2.** That the Strategic Reserve Fund investments returned a gain of £900,000 which equated to a gain of 0.6% over the quarter to 30 June 2023, which was marginally behind benchmark by 0.8%, and therefore considered poor.

**5.3.** That the investment returns on the Strategic Reserve Fund had been positive over the 12-month period to 30 June 2023, with the value of the Fund increasing by 1.1% which was 2.7% behind benchmark and therefore considered poor.

**5.4.** The BlackRock UK Property and Diversified Growth Fund Commentary for the quarter ending 30 June 2023, attached as Appendix 2 to the report by the Head of Finance.

**5.5.** The Schroders Sustainable Investment report for the quarter ending 30 June 2023, attached as Appendix 3 to the report by the Head of Finance.

## **6. 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:

**6.1.** 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 30 June 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 30 June 2023.

The Sub-committee noted:

**6.2.** The status of the temporary loan portfolio as at 30 June 2023, as detailed in section 4 of the report by the Head of Finance.

**6.3.** The Liability Benchmark chart, attached as Appendix 3 to the report by the Head of Finance.

## **7. Conclusion of Meeting**

At 15:08 the Chair declared the meeting concluded.

Signed: (Chair).