

Minute

Investments Sub-committee

Thursday, 16 February 2023, 09:30.

Council Chamber, Council Offices, School Place, Kirkwall.



Present

Councillors Heather N Woodbridge, P Lindsay Hall, Rachael A King, Kristopher D Leask, James W Stockan and Mellissa-Louise Thomson.

Clerk

- Sandra Craigie, Committees Officer.

In Attendance

- Erik Knight, Head of Finance.
- Shonagh Merriman, Service Manager (Corporate Finance).
- Michael Scott, Solicitor.

Apology

- Councillor Steven B Heddle.

Declarations of Interest

- No declarations of interest were intimated.

Chair

Councillor Heather N Woodbridge.

1. Disclosure of Exempt Information

The Sub-committee noted the proposal that the public be excluded from the meeting for consideration of Item 4 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, the Sub-committee:

Noted:

2.1. 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 2022, attached as Annex 1 to the report by the Head of Finance, indicating a budget deficit position of £19,952,800.

2.2. 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 2022, 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 action was being taken with regard to significant budget variances.

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

Noted:

3.1. The status of the temporary loan portfolio as at 31 December 2022, as detailed in section 3 of the report by the Head of Finance.

3.2. That, for the period 1 April to 31 December 2022, the temporary loans portfolio made a return of £168,268.62 at an average interest rate of 1.30%.

The Sub-committee scrutinised:

3.3. The temporary loans portfolio, detailed in sections 3 and 4 of the report by the Head of Finance, and obtained assurance that the Treasury Management Strategy was being adhered to by the Finance Service and the temporary loans portfolio was producing an acceptable rate of return.

4. Statement of Managed Strategic Reserve Funds

On the motion of Councillor Heather N Woodbridge, seconded by Councillor Rachael A King, the Sub-committee resolved that the public be 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 Local Government (Scotland) Act 1973 as amended.

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 2022.

4.2. That the Strategic Reserve Fund investments returned a gain of £300,000, which equated to a gain of 0.9% over the quarter to 31 December 2022 and was 0.3% ahead of benchmark, and therefore considered good.

4.3. That the investment returns on the Strategic Reserve Fund had been negative over the 12-month period to 31 December 2022, with the value of the Fund decreasing by 10.2% which was 6.9% behind benchmark and therefore considered very poor.

4.4. The Schroders Sustainable Investment Report for the quarter ending 31 December 2022, attached as Appendix 2 to the report by the Head of Finance.

4.5. The Barings Global High Yield Credit Strategies Environmental, Social and Governance Impact report for the quarter ending 31 December 2022, attached as Appendix 3 to the report by the Head of Finance.

5. Conclusion of Meeting

At 10:06 the Chair declared the meeting concluded.

Signed: H N Woodbridge.