

## **Minute**

### **Investments Sub-committee**

Thursday, 26 November 2020, 10:30.

Microsoft Teams.



### **Present**

Councillors W Leslie Manson, Alexander G Cowie, Barbara Foulkes, Rachael A King, Stephen Sankey and James W Stockan.

### **Clerk**

- Sandra Craigie, Committees Officer.

### **In Attendance**

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

### **Observing**

- Graeme Christie, Estates Manager (for Items 4 to 7).
- Rebecca McAuliffe, Press Officer.

### **Apology**

- Councillor Steven B Heddle.

### **Declarations of Interest**

- No declarations of interest were intimated.

### **Chair**

- Councillor W Leslie Manson.

## **1. Form of Voting**

The Sub-committee resolved that, should a vote be required in respect of the matters to be considered at this meeting, notwithstanding Standing Order 21.4, the form of voting should be by calling the roll (recorded vote).

## **2. Disclosure of Exempt Information**

The Sub-committee noted the proposal that the public be excluded from the meeting for consideration of Items 6 to 8, 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.

## **3. 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 Corporate Finance Senior Manager, 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 September 2020, attached as Annex 1 to the report by the Head of Finance, indicating a budget surplus position of £21,349,100.

**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 September 2020, 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. 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 Corporate Finance Senior Manager, the Sub-committee:

Noted:

**4.1.** The status of the temporary loan portfolio as at 30 September 2020, as detailed in section 3 of the report by the Head of Finance.

**4.2.** That, for the period 1 April to 30 September 2020, the temporary loans portfolio made a return of £122,067.25 at an average interest rate of 0.65%.

The Sub-committee scrutinised:

**4.3.** 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.

## **5. Exclusion of the Public**

On the motion of Councillor W Leslie Manson, 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 Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973 as amended.

## **6. Revised Investment Strategy – Progress with Implementation**

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 progress made with implementation of the revised investment strategy.

**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. Performance of Local Investments**

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 2, 4 and 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 Accounting Manager (Corporate Finance), the Sub-committee:

Noted:

**7.1.** That, as at 31 March 2020, 133 Investment Properties were held within the Strategic Reserve Fund, with an open market value of £19,725,110.

**7.2.** That rental income achieved on Investment Properties rented out during financial year 2019/20 totalled £1,125,000, representing a gross return of 5.7%.

**7.3.** That, in addition to the rental income totalling £1,125,000, further income of £74,000 was received in respect of fees and charges, while property costs totalling £344,000 were incurred, which equated to a net return on Investment Properties for financial year 2019/20 of £855,000 or 4.3%.

**7.4.** Details of the net return on the 85 Investment Properties currently occupied by tenants and achieving a rental income, attached as Appendix 1 to the report by the Head of Finance.

**7.5.** Details of the 48 vacant Investment Properties as at 31 March 2020, attached as Appendix 2 to the report by the Head of Finance.

**7.6.** That, as at 31 March 2020, other local investments held within the Strategic Reserve Fund, had a value of £8,367,326.

**7.7.** That, as at 31 March 2020, total loans to businesses had a net carrying value of £1,149,826, of which £866,357 and £283,469 related to interest bearing and interest-free loans respectively, as detailed in Appendix 3 to the report by the Head of Finance.

**7.8.** That the interest rates on the interest-bearing loans, referred to at paragraph 7.7 above, ranged from 5% to 5.5%, and were applicable for the duration of the loan term.

**7.9.** The investment in companies as at 31 March 2020, as detailed in Appendix 4 to the report by the Head of Finance, which held a net carrying value of £4,448,360, achieving an average annual return of 5%.

**7.10.** The investment held in fishing quota, as detailed in Appendix 5 to the report by the Head of Finance, which had a net carrying value of £2,769,140, as at 31 March 2020, and achieved an annual return of 5.4%.

The Sub-committee scrutinised:

**7.11.** Performance of the portfolio of local investments held within the Strategic Reserve Fund, and obtained assurance that the local investments were producing an acceptable rate of return.

## **8. 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 performance of the Strategic Reserve Fund managed funds for the quarter to 30 September 2020.

**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.**

Councillor James W Stockan joined the meeting during discussion of this item.

## **9. Conclusion of Meeting**

At 11:59 the Chair declared the meeting concluded.

Signed: L Manson.