

## Minute of Reconvened Meeting Investment Review Board

Date	Time	Venue
Wednesday, 05 December 2018	09:15	Corporate Meeting Room 2, Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

**Present:** Councillor John McIntyre, Councillor Iain Nicolson, Councillor Jim Paterson, Councillor John Shaw

### Chair

Councillor Shaw, Convener, presided.

### In Attendance

A MacArthur, Head of Finance, R Conway, Finance Manager and R Devine, Senior Committee Services Officer (all Finance & Resources).

### Also in Attendance

D Millar, Associate Consultant Hymans Robertson LLP.

### Declarations of Interest

There were no declarations of interest intimated prior to the commencement of the meeting.

## **1 Minute of Previous Meeting**

There was submitted the Minute of the meeting of the Investment Review Board held on 13 June 2018.

**DECIDED:** That the Minute be approved.

## **2 Investment Manager Tender Exercise**

There was submitted a report by the Director of Finance & Resources relative to the contract for investment manager services in respect of the Paisley and Renfrew Common Good Funds.

The report stated that the Council currently had in place a contract for management of the investments of the Paisley and Renfrew Common Good Funds. The three-year contract with Standard Life Wealth Limited, which had commenced on 1 July 2014, included an option to extend for a further two years. The option to extend had been exercised and the current arrangement was due to end on 30 June 2019.

A tender exercise, that followed the Council's normal procurement procedures and took a similar form to the 2013/14 tender exercise, was currently being undertaken. Hymans Robertson LLP had been engaged to assist the Council with the contract specification and bid evaluation process.

It was noted that a report on the outcome of the tender exercise award would be submitted to the meeting of the Council's Finance, Resources and Customer Services Policy Board, to be held on 27 March 2019, to enable the contract to be in place for commencement on 1 July 2019. The Investment Review Board would be informed of the outcome of the tender exercise at the next meeting.

**DECIDED:**

(a) That it be noted that the current contract for investment manager services would come to an end on 30 June 2019, and that a tender exercise was currently being undertaken for the provision of investment manager services, to commence on 1 July 2019; and

(b) That it be noted that that Hymans Robertson LLP had been engaged to assist the Council with the contract specification and bid evaluation process.

## **3 Review of Statement of Investment Principles**

There was submitted a report by the Director of Finance & Resources relative to the Statement of Investment Principles in relation to the Paisley and Renfrew Common Good Funds.

The report indicated that the Council had arranged for the investments of the Paisley and Renfrew Common Good Funds to be managed by Standard Life Wealth Limited, and had agreed with the manager principles which governed decisions regarding these investments. These principles covered a range of issues such as which benchmark should be employed against which to assess the

manager's performance, and restrictions which the manager required to observe when choosing sectors or classes of asset in which to invest. The Statement of Investment Principles had last been reviewed during November 2017 and was due for review.

The report advised that there were no changes proposed to the existing Statement, other than minor presentational amendments. It was however highlighted that it was proposed that the existing income requirements for each Fund, as detailed in paragraph 7 of the Statement of Investment Principles, be increased, with effect from 1 January 2019 to £380,000 per annum for the Renfrew Common Good Fund and £102,700 for the Paisley Common Good Fund. A draft note on income targets, prepared by Hymans Robertson LLP, was circulated. It was noted that if agreed this revision would be incorporated into the tender specification for the contract for investment manager services in respect of the Paisley and Renfrew Common Good Funds.

**DECIDED:**

(a) That the Statement of Investment Principles appended to the report be approved; and

(b) That the undernoted sums be approved as the amended levels of annual income required for each fund, effective from 1 January 2019, in terms of paragraph 7 of the Statement of Investment Principles: Renfrew Common Good Fund: £380,000 (9.83% increase) Paisley Common Good Fund: £113,000 (10.03% increase).

#### **4 Information Session**

D Miller, Hymans Robertson LLP, provided a briefing on market and economic news since the last meeting.

Reference was made to returns from the markets during 2018, trends encountered by investors in the equity markets since 2017; and a summary provided of the influencing factors which had impacted on the performance of the currency and equities market and were likely to result in more volatility during 2018. It was highlighted that equity investments were viewed as a long-term activity. It was also noted that the portfolios were well diversified and gained exposure to a wide range of countries/regions, sectors and assets.

**DECIDED:** That the briefing be noted.

#### **5 Paisley and Renfrew Common Good Funds six-month report to 30 September 2018**

There was submitted a report by the Director of Finance & Resources relative to the performance of the Paisley and Renfrew Common Good Funds during the six-month period ending 30 September 2018. A performance review by Hymans Robertson LLP was attached as an appendix to the report.

A presentation, prepared by Standard Life Wealth, had been circulated to members of the Board, which advised of the performance of world markets during the final quarter of 2017 and the current year; outlined the global macroeconomic environment, referred to trade tariffs and the outlook for the global economy and summarised the investment guidelines associated with the Funds. The report provided commentary

on and analysis of the performance of the Common Good Funds as at 30 September 2018 and, in particular, the asset contribution by asset class. Mention was made of the best and worst performing stocks and equity holdings within the portfolios. The rationale for remaining invested in risk assets was outlined.

**DECIDED:** That the report and presentation be noted.

## **6 Date of Next Meeting**

It was noted that the next meeting of the Investment Review Board would be held in Renfrewshire House on Wednesday 12 June 2019 at 11am.

**DECIDED:** That the information be noted.