

To: Investment Review Board

On: 9 June 2021

Report by: Director of Finance and Resources

Heading: Investment management

1. Summary

- 1.1 Aberdeen Standard Capital Limited (ASC) have been engaged by the Council to manage the investments of the Paisley and Renfrew Common Good Funds. The performance of the funds managed by ASC are regularly monitored by the Board.
- 1.2 Investment of the funds is undertaken in accordance with the Investment Policy Statement, which recognises that investment in equities and fixed interest bonds is not without risk. However, the return available will generally exceed that available from holding the funds in cash (ie in bank deposits or money market funds) managed by the Council. Investing in equities and fixed interest stocks will also allow capital growth in addition to dividend or interest returns.
- 1.3 In recent years the level of income to the Common Good Funds has exceeded that disbursed, to the point where the cash balance managed by the Council as at 31 March 2021 is £0.6m for the Paisley Common Good Fund and £4.8m for the Renfrew Common Good Fund.
- 1.4 The interest being generated currently on these balances is circa 0.4% owing to the low interest rate environment which has been experienced for some time. An increase in the bank rate is not anticipated in the near future. The yield on the balances managed by ASC has averaged 3 - 3.5% over the past 3 years (excluding capital growth).

- 1.5 It is therefore proposed that in order to secure an improved overall return on fund balances that a proportion of the funds currently held in cash are transferred to the management of ASC. In order to also balance risk and manage liquidity, a cash balance will continue to be managed by the Council. It is considered that maintaining a cash balance of £0.3m in the Paisley Fund and £1.5m in the Renfrew Fund would achieve a prudent balance of liquidity and longer term investment return.
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2 Recommendations

- 2.1 To agree that funds from the Paisley Common Good Fund and Renfrew Common Good Fund cash balance currently managed by the Council of £0.3m and £3.3m respectively be added to the investments currently managed by Aberdeen Standard Capital Ltd.
- 2.2 To delegate authority to the Director of Finance and Resources to execute the funds transfer.
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Implications of the Report

1. **Financial** – funds generated by the Investment Manager are made available for distribution through grants and other awards agreed by Local Partnerships and the Finance, Resources and Customer Services Policy Board. All funds are managed in line with the requirements of local government and charities regulations, and in line with the Statement of Investment Principles. The proposed transfer would increase the funds managed by Aberdeen Standard Capital by £3.6m.
2. **HR & Organisational Development** – none
3. **Community Planning** – none
4. **Legal** – none
5. **Property/Assets** – none
6. **Information Technology** – none
7. **Equality & Human Rights** – the recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential

for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** – investing in equities and fixed interest stocks is inherently a higher risk than holding funds in cash, however the investment return is proportionate to the risk and the investment will continue to be undertaken in line with the agreed Investment Policy Statement and the risk parameters within this Statement.
11. **Privacy Impact** – none
12. **COSLA Policy Position** – none
13. **Climate Risk** – none

List of Background Papers

None

Author: Alastair MacArthur, Head of Finance
0141 618 7363
alastair.macarthur@renfrewshire.gov.uk