

Minute of Meeting Investment Review Board

Date	Time	Venue
Wednesday, 18 November 2020	11:00	Teams Meeting,

Present

Councillor Iain Nicolson, Councillor Jim Sharkey, Councillor John Shaw

Chair

Councillor Shaw, Convener, presided.

In Attendance

A MacArthur, Head of Finance, T Slater, Senior Committee Services Officer and P Shiach, Committee Services Officer (all Finance & Resources).

Also in Attendance

D Millar, Senior Investment Analyst, Hymans Robertson LLP.

Apology

Councillor Paterson.

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 20 November 2019.

DECIDED: That the Minute be approved, subject to an amendment to item 3, paragraph 1 which should read “fair value” and not “fir value”.

2 Review of Statement of Investment Principles

There was submitted a report by the Director of Finance & Resources relative to the Review 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 Aberdeen Standard Capital Limited and had agreed with the manager a number of principles which governed decisions regarding these investments. These principles covered a range of issues such as what benchmark should be employed against which to assess the manager’s performance, and any restrictions which the manager required to observe when choosing sectors or classes of asset in which to invest. The requirements were formalised in a Statement of Investment Principles document, which was reviewed periodically to ensure that the principles contained therein remained appropriate to the requirements of the Common Good Funds.

The report advised that the Statement of Investment Principles had last been reviewed in November 2019 and was due for review. It was proposed that no changes be made to the existing Statement.

The Head of Finance referred to discussions which had taken place at the last meeting in relation to a potential amendment to the Investment Principles to reflect the decision of the Council to support Climate Emergency measures. He indicated that an appendix had been added to Statement on a suggested route for the Board making any changes to the Principles. Any decisions in this regard would require to be taken in the full understanding by the Board of what the potential investment return and investment strategy implications may be.

The Head of Finance and the Senior Investment Analyst, Hymans Robertson LLP were then heard in answer to questions from members on the report.

DECIDED:

- (a) That the Statement of Investment Principles attached to this report be approved;
- (b) That the attached “pathway” briefing note prepared by Aberdeen Standard Capital Limited, be approved; and
- (c) That it be noted that any proposed change to the investing approach would require to be considered and agreed at a subsequent Investment Review Board meeting, and that such a change in approach would require to be reflected in an updated Statement of Investment Principles to be approved by Members.

Recording of Dissent

Councillor Sharkey, being the mover of an amendment, which failed to find a seconder asked that his dissent be recorded in terms of Standing Order 24.

3 Paisley and Renfrew Common Good Funds: review of investment and income performance

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-months to 30 September 2020. A performance review by Hymans Robertson LLP was attached as an appendix to the report.

The Senior Investment Analyst advised that there had been a significant fall in the markets during Quarter 1 as a result of the coronavirus pandemic. However there had been a significant recovery during the last 6 months. Equities were performing well, particularly overseas equities, and corporate bonds had recovered and were outperforming gilts.

The Senior Investment Analyst indicated that the value of the Paisley Common Good Fund had increased slightly from £3.939m on 31 March 2020 to £4.399m on 30 September 2020. During the same period, the Renfrew Common Good Fund assets had risen from £13.313m to £14.869m. Both portfolios had met their income targets although estimated income had decreased slightly, reflective of the economic climate. He indicated that the asset allocation had not changed significantly in the last 12 months, and that the portfolios had performed well, outperforming the benchmark during challenging economic conditions. In addition, the Senior Investment Analyst provided information on the performance of the markets from 30 September to 18 November, which indicated continuing recovery.

The Senior Investment Analyst was then heard in answer to questions from members on the report.

The Head of Finance then provided a presentation on behalf of the Investment Manager relative to the performance of the Paisley and Renfrew Common Good Fund investments. The presentation included information in relation to investment guidelines for Common Good Funds; long-term performance of the Funds; asset contribution to Common Good Funds; and investment restrictions.

DECIDED: That the report and presentations be noted.

4 Date of Next Meeting

It was noted that the next meeting of the Investment Review Board was scheduled for Wednesday 9 June 2021 at 11am.

DECIDED: That the information be noted.