



## **MINUTES**

## **B - PUBLIC**

**Special Policy and Resources Committee**  
**Council Chamber, Town Hall, Lerwick**  
**Monday 29 June 2015 at 12 noon**

**Present:**

G Robinson	B Fox
G Cleaver	A Cooper
C Smith	G Smith
T Smith	M Stout
V Wishart	

**Apologies:**

S Coutts

**In Attendance:**

C Ferguson, Director of Corporate Services  
J Belford, Executive Manager – Finance  
J Riise, Executive Manager – Governance and Law  
R Sinclair, Executive Manager – Capital Programme  
K Adam, Solicitor  
C Anderson, Communications Officer  
L Adamson, Committee Officer

**Chairperson**

Mr Robinson, Leader, as Chair of the Committee presided.

**Circular**

The circular calling the meeting was held as read.

**Declarations of Interest**

None

**47/15     Annual Investment and Treasury Strategy for 2015/16**

The Committee considered a report by the Executive Manager – Finance (F-014-F), which presented the Annual Investment and Treasury Strategy for the Council for the financial year 2015/16.

The Executive Manager – Finance introduced the report. In referring Members to the Annual Investment and Treasury Strategy 2015/16, attached as Appendix 1, he advised on the updated Prudential Indicators that have been set for this financial year and up to 2017/18, based on the assumptions made on the Asset Investment Plan. He informed on the mid-term review to take place during the autumn, and the annual review in the last quarter, which will ensure the Strategy remains up to date based on the latest information.

In referring to page 6 of the Strategy, a Member highlighted the need for clarity in regard to the statements in Section 2.10 (1<sup>st</sup> bullet point) and Section 2.11. Following a brief discussion, the Executive Manager – Finance confirmed that the following amendment would be made in terms of Section 2.10 (1<sup>st</sup> bullet point), for reporting in the mid-term review, “The loan will generate the Council a rate of return at least equal to average fund manager returns (net of fees) in which the Council currently invests”.

In response to a question, the Executive Manager – Finance confirmed the expectation that modifications will be made to the Prudential Indicators in line with changing circumstances.

In referring to Section 2.22 (2<sup>nd</sup> bullet point) and Section 2.28, a Member sought clarity in regard to the sections headed “Liquidity Risk”, where he indicated that the statements would appear to be contradictory. The Executive Manager – Finance explained that the first statement refers to the recognition that the Council is exposed to liquidity risk and that this should be assessed, whereas the second statement reflected the results of the risk having been assessed. He went on to advise that should there be a need to draw funds from fund managers the day to day cash management arrangements are quite low risk. He confirmed to Members that during 2014/15 there had been no draw on cash from fund managers.

A Member sought clarity in regard to the recommendation by CIPFA for reporting on treasury management risks annually, when he referred to the assurance given during the recent approval of the Council’s Risk Management Strategy that reporting would be on a quarterly basis. He said that with treasury management being such an important element to guard future funds for the community, he sought reporting to Members on a more regular basis. The Executive Manager – Finance advised that while the mid-term review and annual reporting on treasury management practices are recommendations of CIPFA, he assured Members that risks are actively reviewed. The Director of Corporate Services explained to Members that not all risks in the Risk Registers will need to be considered or reported on a quarterly basis, but she gave assurance that any key risks would be reported. The Director of Corporate Services advised that she would discuss with the Executive Manager – Finance on appropriate reporting on the treasury management risk.

In response to questions, the Executive Manager – Finance confirmed that cash through fund managers generates a return to the Council and is easily accessible, and he advised on the intention to hold 12.5% of funds allocated as cash/liquid bonds.

Mr Robinson moved that the Committee approve the recommendation in the report. In seconding, Mr Cooper received assurance that the change as agreed to Section 2.10 would be enacted.

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#### **Decision:**

The Committee **RECOMMENDED** that the Council resolve to:

- Approve the Annual Investment Strategy Statement to be followed for the financial year 2015/16, as set out in Appendix 1 section 2;

- Approve the Treasury Management Strategy to be followed for the financial year 2015/16, as set out in Appendix 1 section 3; and
- Approve the Treasury Management Prudential Indicators for 2014/15 to 2017/18, as set out in Appendix 1 section 4.
- Review the four clauses within the CIPFA Code of Practice, as set out in Appendix 1 section 5;
- Review the Treasury Management Policy Statement, as set out in Appendix 1 section 6; and
- Review the Statement of Treasury Management Practices, as set out in Appendix 1 section 7.

**Mr Robinson moved that in order to avoid the disclosure of exempt information, the Committee resolve to exclude the public in terms of the relevant legislation during consideration of the following item of business. Mr Fox seconded.**

48/15      **Property Acquisition**

The Committee considered a report by the Executive Manager – Capital Programme.

The Executive Manager – Capital Programme introduced the report. The Executive Manager – Finance then informed Members on the financial terms of the proposal.

*(Mr C Smith left the meeting).*

In making reference to the recommendations in the report, Mr Robinson advised Members on his motion. Mr Stout seconded.

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**Decision:**

The Committee **RECOMMENDED** that the Council resolve to delegate authority to the Executive Manager – Capital Programme:

- To formally explore the recommended option described in the report; and
- To undertake the necessary actions as provided by the Council's financial and legal advisors to identify the risks and potential benefits of any purchase for the Council.

The Committee **RECOMMENDED** that the Council further resolve to approve expenditure for external specialist advice and support in order to properly inform any benefit realisation, and that the authority for engaging such external advice and support be delegated to the Executive Manager – Finance.

The meeting concluded at 1.55pm.

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Chair