

STANDING FINANCE COMMITTEE

The Honourable R Spink MLA Chairman
The Honourable R Edwards MLA Vice Chairman
The Honourable T Barkman, MLA
The Honourable R Bragger,
The Honourable Dr Barry Elsby, MLA
The Honourable I Hansen, MLA
The Honourable M Pollard, MLA
The Honourable L Roberts, MLA

Honourable Members are advised that a meeting of the Standing Finance Committee will take place in the Liberation Room at 3pm on Wednesday 26th February 2020

AGENDA

- 1 **Apologies for absence**
- 2 **Declarations of interest**
- 3 **Confirmation of the minutes of the meeting held on Wednesday 29th January 2020.** (Already issued)
- 4 **Matters arising from the minutes of the meeting held on Wednesday 29th January 2020.**
- 5 **Summary Financial Report – 31st January 2020.** Paper 07/2020
- 6 **Investment Performance and Values – Quarter ending 31st December 2019.** Paper 08/2020
- 7 **Electricity Price Review (verbal update).**
- 8 **Virement Report No 6 of 2019/20.**
- 9 **Variance Report – Health and Social Services - January 2020.**
- 10 **To determine which items from the Executive Council meeting held on the Wednesday 29th January 2020 can be considered in public and to resolve these items.**
- 11 **Date of next meeting: Wednesday 25th March 2020.**

12 Exclusion of Press and Public

The Chairman to move as follows:

"I move that the press and public be now excluded on the grounds that the next items of business to be considered are likely to disclose exempt information under Part 2 of Schedule 3 of the Committees (Public Access) Ordinance 2012; Paragraph 7 relating to information about individuals; Paragraph 9 relating to information about others financial and business affairs, Paragraph 10 relating information about relevant contracts and negotiations and Paragraph 17 relating to budgetary information.

13 Confirmation of the Exempt Minutes of the meeting held on Wednesday 29th January 2020.

NOT FOR PUBLICATION by virtue of Paragraph 7 of Schedule 3 of the Committees (Public Access) Ordinance 2012), relating to information about individuals, Paragraph 9 relating to information about others' financial and business affairs; Paragraph 17 relating to budgetary information.

14 Matters arising from the Exempt Minutes of the meeting held on Wednesday 29th January 2020.

NOT FOR PUBLICATION by virtue of Paragraph 17 of Schedule 3 of the Committees (Public Access) Ordinance 2012), relating to budgetary information.

15 Exempt matters with financial implications referred from the Executive Council meeting held on Wednesday 26th February 2020.

16 Accelerated funding for re-surfacing the MPA Road.

**Paper
10/2020**

NOT FOR PUBLICATION by virtue of Paragraph 17 of Schedule 3 of the Committees (Public Access) Ordinance 2012), relating to budgetary information.

17 Investment Performance and Values – Quarter ending 31st December 2019.

**Paper
11/2020**

NOT FOR PUBLICATION by virtue of Paragraph 17 of Schedule 3 of the Committees (Public Access) Ordinance 2012), relating to budgetary information.

18 Investment Management Presentation from Sarasin & Partners LLP

The Treasury, Stanley.

STANDING FINANCE COMMITTEE

MINUTES OF STANDING FINANCE COMMITTEE MEETING HELD WEDNESDAY 29th JANUARY 2019 in the Liberation Room, Secretariat, at 3pm

These minutes are draft minutes until confirmed by resolution at the next meeting of the Committee

Present: The Honourable R Spink, MLA, Chairman
The Honourable R Edwards, MLA, Vice Chairman
The Honourable T Barkman, MLA
The Honourable S Bragger, MLA
The Honourable Dr. B Elsby, MLA
The Honourable I Hansen, MLA
The Honourable M Pollard, MLA

In Attendance: The Honourable Chief Executive, Barry Rowland
The Honourable Financial Secretary, James Wilson
The Head of Finance, Debbie Ferriby
The Management Accountant, Mark Rutherford
The Financial Accountant, Kapil Jiwa
The Economist, Davide Rhangetti for Agenda Item5
Personal Assistant, Margaret Butler

Public & Press: 2 Members of the Press

PART I

1 Apologies for Absence **Action**

The Honourable L Roberts MLA

2 Declarations of Interest

There were no declarations of interest.

3 Confirmation of the minutes of the meeting held on Wednesday 11th December 2019.

3.1 The minutes were confirmed as a true and accurate record and signed by the Chairman.

4 Matters arising from the minutes of the meeting held on Wednesday 11th December 2019.

4.1 There were two matters arising from this meeting: -

4.1.1 Item 4.2 (Page 2 of 4) – Virement Report HSS – 30th September 2019 (Page 2 of 6).

The Hon MLA M Pollard drew attention to this item asking when the Director of Health and Social Services (DHSS) David O'Neill will be attending SFC. The HoF replied to this advising he will do so once he has completed reallocating budgets. **ACTION: HoF.**

HoF

4.1.2 Electricity Price Review – December 2019/20 – SFC Paper 38/2019 (Page 2 of 6). Action

The HoF advised the Committee she is still going through figures provided by the Power and Electrical Department (PED) and they will be invited to attend the 26th February 2020 meeting to answer any questions/queries raised.
ACTION: HoF.

HoF

5 Retail Price Index (RPI) – Quarter 2 – 2019/20 – Paper 01/2020.

5.1 The Policy Unit Economist, Davide Ranghetti presented his information only report.

5.1.1 It was noted that the index has decreased by 0.04% during the quarter with a change in the index over the year to 31st December 2019 of +1.1%.

5.1.2 Three items had a positive contribution to quarterly inflation of more than 0.2 percentage points: 'Heating fuel (kerosene)', 'Medicines (non-pharmacy)' and 'Dinner Out', while three items had a negative contribution to quarterly inflation of more than 0.2 percentage points: 'Vehicle purchase', 'Internet', and 'Potatoes'.

5.1.3 The Economist drew attention to the contribution of the category 'Communications' to annual inflation (-0.3 percentage points) following a decision by Sure to change the names, data allowances, and prices of their broadband packages, resulting in a unit price decrease (in terms of FKP per GB) for the item 'Internet'.

5.1.4 The Economist informed of a change in the number of broadband packages which are monitored for the purpose of estimating the RPI. Until Q3 2019 only the "Lite" broadband package was included in the RPI basket and thus price changes for this package only were monitored. Considering that the unit price decrease between Q3 and Q4 2019 had been lower for the "Lite" package than for all the larger packages, a decision had been made to include in the basket all broadband packages, with the exclusion of the "PRO" and "PRO XL" packages (based on the assumption that these packages are likely to be subscribed by businesses rather than households).

5.1.5 The Honourable MLA Mark Pollard drew attention to the fact that recent changes to Sure's mobile data packages (which were recorded in the RPI for Q2 2019) had a proportionally higher impact on the RPI than the changes to the broadband packages being discussed. The Economist advised that the methodology used in both cases was similar; in the former case (mobile packages), it involved estimating the 'size' of the mobile package being monitored before and after the change made by Sure (in terms of a weighted average of minutes, text messages, and megabytes included in the packages) so as to allow estimating the change in the unit price.

5.1.6 The Economist noted that the RPI is not a cost of living index: it only monitors changes in prices without taking into account changes in consumption patterns by households that may follow. It was noted by Members that this is not a report on the "cost of living".

5.1.7 The Economist suggested that a review of the methodology used to estimate the RPI is carried out in the next months, to also include an update of the weights of the items in the basket, which have last been updated in 2012. From this it followed that the subsequent increases in the size of broadband packages decided by Sure over the last years have had a progressively lesser deflationary impact on the RPI, which is thus likely to be overstating inflation. **Action**

5.1.8 Taking the above into account the Committee noted this is not an exact science and agreed the weighting of items in the RPI basket needs to be considered and for another meeting to be held with the Economist on inflation and the basket of goods. This was agreed.

ACTION – Meeting to be held with MLA's and the Economist re inflation and the RPI basket. **(CoLA)** **CoLA**

6 Summary Financial Report – 31st December 2019 – Paper 02/2020

6.1 The Committee considered the Head of Finance (HoF) information only summary financial report as at the 31st December 2019 for the 2019/20 financial year.

6.1.1 **Item 3.3 - December Full year operating revenues for 2019/20 (Page 2 of 3).** The December full year forecast operating revenues for 2019/20 has been revised to £93.025m from £90.15mm forecast as at 31st October 2019. The increase of £2.870m relates to an increase in fishing license fees of £1.370m and additional EU grant funding of £1.5m.

6.1.2 The majority of Corporation Tax for the year has already been paid and to date £23.7m has been received as at the 31st December 2019 against an original budget of £17m.

6.1.3 **Item 3.4 – December Full year forecast operating costs for 2019/20 (Page 2 of 3).** The December full year forecast operating costs for 2019/20 has been revised to £78,859 from £77,532m as per the original budget and remains unchanged from the forecast as at 31st October 2019. This reflects additional funding granted by SFC in 2019/20 of £1,318m.

6.1.4 The Honourable Chairman MLA Roger Spink asked the Honourable FS how Treasury income compares to investments. The FS advised these are ahead of the target set with the overall picture not much different from quarter to quarter.

ACTION: HoF/ MA the HoF and MA to prepare a report including the split between dividend income and unrealised gains. **HoF/ MA**

- 7 Capital Report – Quarter 2 – 2018/19 – Paper 04/2020.** **Action**
- 7.1** The Committee considered the Head of Finance and Management Accountant’s interim report on the progress of all capital projects up to the end of the second quarter of the 2019/20 financial year.
- 7.1.1** The Committee noted that the actual spend for 2019/20 is £11.3m against a full year forecast of £33.4m.
- 8 Virement Report No 5 of 2019/20**
- The Committee considered this report with no comments recorded.
- 9 Variance Report – Health and Social Services – December 2019.**
- The Committee considered this report with the MA noting that there isn’t any difference in this and the last report with the DHSS still working on the re-allocation of budgets.
- 10 To determine which items from the Executive Council meeting held on Wednesday 29th January 2020 can be considered in public and to resolve these items.**
- 10.1** There were no items with financial implications.
- 11 Date of next meeting: Wednesday 26th February 2020**
- 11.1** It was confirmed that the next meeting of the Standing Finance Committee would be held on Wednesday 26th February 2020 at 3pm.
- 12 Exclusion of Press and Public**
- 12.1** The Chairman to move as follows:
- “I move that the press and public be now excluded on the grounds that the next items of business to be considered are likely to disclose exempt information under Part 2, Schedule 3 of the Committees (Public Access) report, Paragraph 7 relating to information about individuals; Paragraph 9, information about others’ financial and business affairs, Paragraph 10 relating to information about relevant contracts and negotiations and Paragraph 17 budgetary information.”
- 13 Confirmation of the Exempt Minutes of the meeting held on Wednesday 11th December 2020.**
- NOT FOR PUBLICATION by virtue of Paragraph 7 of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about individuals, Paragraph 9 relating to information about others’ financial and business affairs; Paragraph 10 relating to information about relevant contracts and negotiations Paragraph 17 relating to budgetary information*
- 13.1** The Minutes were confirmed as a true and accurate record and signed by the Chairman.

14 Matters arising from the Exempt Minutes of the meeting held on Wednesday 11th December 2020. Action

14.1 There were two matters arising from this meeting: -

14.1.2 Agenda Item 11.1.3 – Item 13.1.5 and 13.1.6 (Page 2 of 5) – Defence Related Taxation Exemptions – SFC Paper 050/19

NOT FOR PUBLICATION by virtue of Paragraph 9 of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about others' financial and business affairs.

14.1.3 The Hon FS drew attention to these items requesting a meeting is held with MLA's and the Head of Tax and the Corporation Taxation Officer in relation to possible administrative changes. This was agreed. **ACTION: PA**

PA

14.1.4 A full record of this discussion is contained in the exempt section of the minutes.

14.2 Agenda Item 14.1.10 (Page 4 of 5) – Investments Strategy Growth Fund – SFC Paper 054/19

14.2.1 *NOT FOR PUBLICATION by virtue of Paragraph 10 of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to relevant contracts and negotiations.*

14.2.2 The Hon FS advised the Committee that after meetings with the Investment Managers in relation to the start date for the necessary amendments to the investment management agreement and mandate for the growth fund the following was agreed: -

14.2.3 Sarasin Investment Management have agreed to a start date of the 1st January 2020 and Newton Investment Management have agreed to a start date of 1st April 2020 for the necessary amendments to the investment management agreement.

14.2.4 A full record of this discussion is contained in the exempt section of the minutes.

15 Exempt matters with financial implications referred from the Executive Council meetings held on Wednesday 29th January 2020.

15.1 There were no exempt items with financial implications referred from this meeting: -

16 Quarter 2 – 2018/19 – Capital Projects Progress Report (Projects to be Tendered).

NOT FOR PUBLICATION by virtue of Paragraph 10 of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about relevant contracts and negotiations.

16.1 The HoF and the MA presented this information only report to the Committee providing an update on the progress of capital projects not yet tendered to the end of Q2 2018/19 where costings cannot be publically disclosed for tender purposes.

16.1.1 A full record of this discussion is contained in the exempt section of the minutes. **Action**

17 Debtors Report 31st December 2019 – Paper 05/2020.

NOT FOR PUBLICATION by virtue of Paragraph 9 of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about others' financial and business affairs.

17.1.1 The Committee considered the information only report produced by and presented by the new Financial Accountant (Controls, Systems and Processes) Kapil Jiwa on the Government debt position as at the 31st December 2019.

17.1.2 It was noted that overdue debt is reducing and that actions are and continue to be taken to recover monies including summons being issued to one debtor who had refused to pay after Judgement received from Court and 3 debtors who are currently awaiting the completion of default summons to be sent to Court.

17.1.3 A full record of this discussion is contained in the Exempt section of the meeting.

18 Defence Related Taxation Exemptions -SFC paper 06/2020

NOT FOR PUBLICATION by virtue of Paragraph 9 of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about others' financial and business affairs.

18.1 The Hon FS presented this report requesting the addition of one further employer to the Taxes and Duties (Defence Contractors' Employees Exemption) Order application.

18.1.1 The Committee considered the request and approved the addition of the employer to the Defence Contractors' Employees Exemption Order at this time from the 1st January 2020.

18.1.2 A full record of this discussion is contained in the exempt section of the minutes.

Minutes confirmed this 26th day of February 2020.

Chairman
The Treasury,
Stanley

Clerk

STANDING FINANCE COMMITTEE

Title of Report: **Summary Financial Report – January 2020**

Paper No: **07/2020**

Date of Meeting: **26th February 2020**

Report of: **Head of Finance**

1. Introduction

- 1.1. The purpose of this report is to provide Members with a summary financial report as at 31st January 2020 for the 2019/20 financial year.

2. Recommendation

- 2.1. None. This report is for information only.

3. Summary (see table on page 3)

3.1 Jan YTD operating revenues:

- Executive Management: The negative variance of £0.131m primarily reflects the fact that FIGO flight revenue from FIC is slightly below budget YTD.
- Treasury: The positive variance of £7.821m primarily reflects Corporation Tax receipts being well above budget for the year to date.
- Public Works: The negative variance of £0.899m primarily reflects the lag in the sale of asphalt budget of £0.667m as the MPA roadworks have only just begun.
- Natural Resources: The positive variance of £4.112m primarily reflects an increase in fishing licence £4.256m against the year to date budget.
- Emergency Services: The positive variance of £0.311m primarily reflects

3.2 Jan YTD operating costs:

- Executive Management favourable variance of £1.200m reflects the fact that FIGO flight costs have not been invoiced by MOD since July 2019.
- Education favourable variance of £0.408m primarily reflects timing of costs on student grants and consultancy budgets and an underspend on salaries budgets.
- Island Plan Investments: favourable variance of £1.848m, this primarily relates to timing of costs of £0.382m on the Travel Credit Scheme and £0.497m on the second commercial flight.

These budgets will need to be monitored closely to identify any potential underspends. The variance also relates to some subventions for which Q2 payments had not been made by January 31st.

- Oil Development: favourable variance of £0.200m, primarily £0.167m on consultancy budgets.
- Natural Resources: an adverse variance of ££0.315m, this primarily relates to timing of costs for charter fees and fuel on the Fisheries Scientific Budget.
- Other Directorates: Various favourable/adverse variances due to the timing of cost for the first seven months of the financial year. However, Directorates are generally confirming that they will spend the majority of their budgets for the financial year by the year end, and the forecasts have in the main not been adjusted for any variances in the year to date.

3.3 Jan Full year forecast operating revenues for 2019/20

- The full year forecast has been revised to £93.025m from £83.155m as per the original budget; this is the same as was forecast at 31st December 2019. The variance relates to an increase in fishing license fees of £1.370m and additional EU grant funding of £1.5m, as well as an additional £7.0m relating to additional Corporation Tax expected. The Corporation Tax payment date for companies with a 31st December year end is 31st August each year. Therefore the majority of corporation tax for the year has already been paid and to date £23.7m has been received as at 31st January against an original budget of £17m.

3.4 Jan Full year forecast operating costs for 2019/20

- The full year forecast has been revised to £78.850 from £77.532m as per the original budget and this remains unchanged from the forecast at 31st December. This reflects additional funding granted by SFC in 2019/20 of £1.318m.

3.5 Jan Full year forecast operating surplus 2019/20 (excludes capital expenditure)

- The full year forecast surplus of £14.176m compares to an original budget of £5.623m.

3.6 Capital Expenditure

- Forecast capital expenditure for the year at 31st January 2020 is £33.4m (a reduction of £3m from the forecast at 30th September 2019), reflecting slippage in some projects of £22.8m against the revised budget. January 2020 YTD expenditure is £13.637m. Commitments as at 31st January were £6.8m.

3.7 Current Assumptions

- The budget incorporates the risk that Illex refunds will be given in the event of a poor season (budget premised on a part refund). It is too early in the financial year to assess whether a refund will be given, and the forecasts will be adjusted once the position is clear.

Falkland Islands Government
Financial Management Report
For the 7 Months Ending 31st January 2020

OPERATING REVENUES AND COSTS

Description	Actual 7 mths to January	Budget 7 mths to January	Variance vs Bud Fav/(Adv)	19/20 Original Budget	19/20 Revised Forecast
	£000s	£000s	£000s	£000s	£000s
Revenues					
110 Development and Comm Services	773	874	(101)	1,538	1,538
120 Human Resources	-	-	-	-	-
200 Health & Social Services	743	878	(136)	1,505	1,505
250 Education	61	77	(16)	132	132
350 Public Works	6,550	7,449	(899)	12,379	12,379
410 Natural Resources	21,209	17,097	4,112	22,006	23,376
450 Law & Regulation	87	109	(22)	187	187
550 Emergency Services	2,580	2,269	311	4,558	4,558
600 Executive Management	2,079	2,211	(131)	3,790	3,790
615 Policy and Economic Development	139	111	28	197	1,697
620 Mineral Resources	357	506	(149)	635	635
700 The Treasury	35,321	27,500	7,821	35,949	42,949
998 Social Investments	-	-	-	-	-
Total Departmental Revenue	69,899	59,081	10,818	82,875	92,745
999 Island Plan Investments	53	41	12	70	70
997 Oil Development	20	123	(102)	210	210
Total Revenue	69,972	59,244	10,728	83,155	93,025
Costs					
110 Development and Comm Services	4,008	3,953	(55)	6,514	7,130
120 Human Resources	678	600	(77)	1,016	1,029
200 Health & Social Services	6,810	7,099	289	12,019	12,171
250 Education	4,478	4,886	408	8,241	8,377
350 Public Works	7,567	7,751	184	13,667	14,090
410 Natural Resources	4,209	4,524	315	7,795	7,900
450 Law & Regulation	806	981	175	1,652	1,681
550 Emergency Services	1,918	2,190	271	3,692	4,169
600 Executive Management	2,520	3,719	1,200	6,356	6,376
615 Policy and Economic Development	638	690	51	1,160	1,209
620 Mineral Resources	359	420	61	715	720
700 The Treasury	1,737	1,642	(95)	3,419	2,706
-	-	-	-	-	-
Total Departmental Expenditure	35,727	38,456	2,728	66,247	67,559
998 Social Investments	-	0	(0)	2,746	2,746
999 Island Plan Investments	3,236	5,085	1,848	7,682	7,687
997 Oil Development	300	500	200	857	857
Total Expenditure	39,264	44,041	4,776	77,532	78,850
Forecast Surplus for 19/20 (excluding capital expenditure)				5,623	14,176

Notes

- Cost figures exclude depreciation and transfer to capital equalisation fund

CAPITAL

Description	Act 7 mths to Jan	Commitments @ 31.01.20	Actual plus commitments	Original Budget	19/20 Revised Forecast
	£000s	£000s	£000s	£000s	£000s
Capital Expenditure	13,637	6,755	20,392	51,491	33,444

Notes

- Capital Original budget includes carryovers from 18/19

STANDING FINANCE COMMITTEE

Title of Report: Investment Performance and Values – Quarter ending 31st December 2019.

Paper No: 08/2020

Date of Meeting: 26th February 2020

Report of: Portfolio Manager Consultancy Ltd

Please find attached the (redacted) report prepared by Portfolio Manager Consultancy Ltd (PMCL) in relation to the consolidated review of the investment performance for the three months to 31st December 2019.

PORTFOLIO MANAGER CONSULTANCY LTD

Specialist Investment Consultancy

CONSOLIDATED REVIEW OF THE INVESTMENT PERFORMANCE

THREE MONTHS TO 31 DECEMBER 2019

THE FALKLAND ISLANDS GOVERNMENT

(REDACTED)

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INTRODUCTION

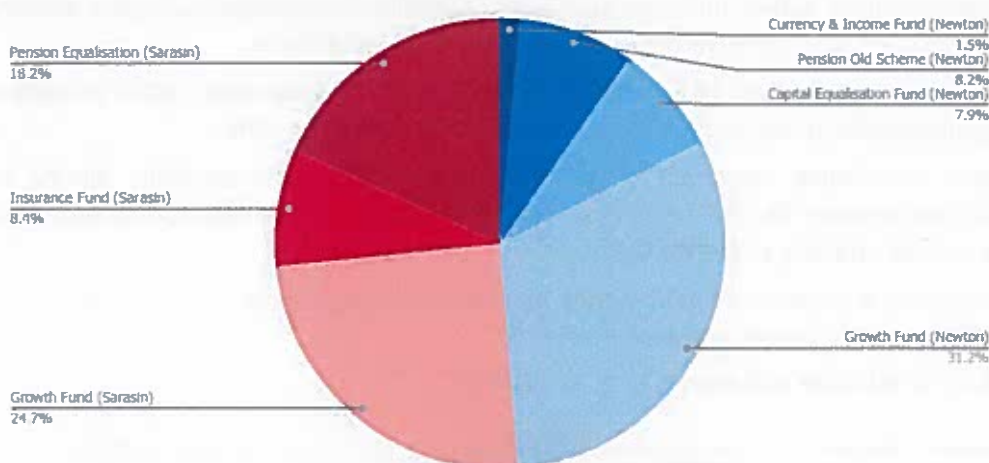
This report is prepared by Portfolio Manager Consultancy Ltd (PMCL) for the Falkland Islands Government (FIG) in accordance with the agreement as of 19th July 2019.

This report aims to inform the Standing Finance Committee (SFC) on the state of the investment portfolio and performance. This is a redacted version of the full report that can be released publicly in order to increase the transparency and accountability of FIG, once such a decision is made.

The investment portfolio includes seven funds, namely the Growth Fund (the largest fund, making up more than half of the overall portfolio), Insurance Fund, Capital Equalisation Fund, Pension Equalisation Fund, Pension Fund Old Scheme, Currency Fund and Income Fund. Each fund has its own investment objectives and strategy.

FIG uses professional investment managers for discretionary management of the portfolio on a segregated basis and in accordance with the Investment Policy Statements for each fund. The funds are nearly equally split between two managers, Newton Investment Management and Sarasin & Partners.

Portfolio split between funds and managers as at 31.12.2019 (Sarasin's funds in red hues, Newton's in blue)



Source: FIG.

Summary portfolio valuation

All the analysis is performed for all seven¹ funds and is based on the reports provided by the portfolio managers (Sarasin and Newton). Valuations are as of 31st December 2019. Performance review is for the three months to 31st December 2019.

All the Funds are managed according to the Guidelines. No breaches were identified.

The total FIG investment portfolio value was £393,651,000 as at 31/12/2019.

The value of the investment portfolio increased over the quarter (by 1.3%, £4.9 million) to £393.6 million. At the consolidated level the Fund outperformed the benchmark by 0.41%.

¹ This includes Growth Fund, Capital Equalisation Fund, Insurance Fund, Pension (Old Scheme) Fund, Pension Equalisation Fund, Currency Fund and Income Fund

Review of the investment performance

Summary portfolio valuation at 31 Dec 2019 and performance for the past 3M

Fund	Value at 31 Dec, £000	Change from 30 Sep		3M performance to 31 Dec, %	
		£'000	%	Total return	vs. Benchmark
Growth Fund	£219,818	£14,418	7.0%	1.9%	0.5%
Capital Equalisation Fund	£30,954	£-7,276	-19.0%	-0.8%	-0.2%
Insurance Fund	£33,119	£-422	-1.3%	-1.3%	-0.1%
Currency Fund	£4,893	£8	0.2%	0.0%	-0.2%
Income Fund	£1,062	£2	0.2%	0.2%	0.0%
Pension Equalisation	£71,590	£880	1.2%	1.3%	0.5%
Pension (Old Scheme)	£32,215	£-2,648	-7.6%	-7.6%	0.6%
Portfolio total	£393,651	£4,962	1.3%	0.5%	0.41%
Newton	£191,815	£-371	-0.2%	-0.2%	0.37%
Sarasin	£201,836	£5,333	2.7%	1.2%	0.45%

Source: Sarasin, Newton

Asset Allocation

The investments are diversified by asset class and geographical regions, with specific strategic asset allocation details for each fund in the portfolio. Investment managers actively manage the funds aiming to achieve the specified investment objectives.

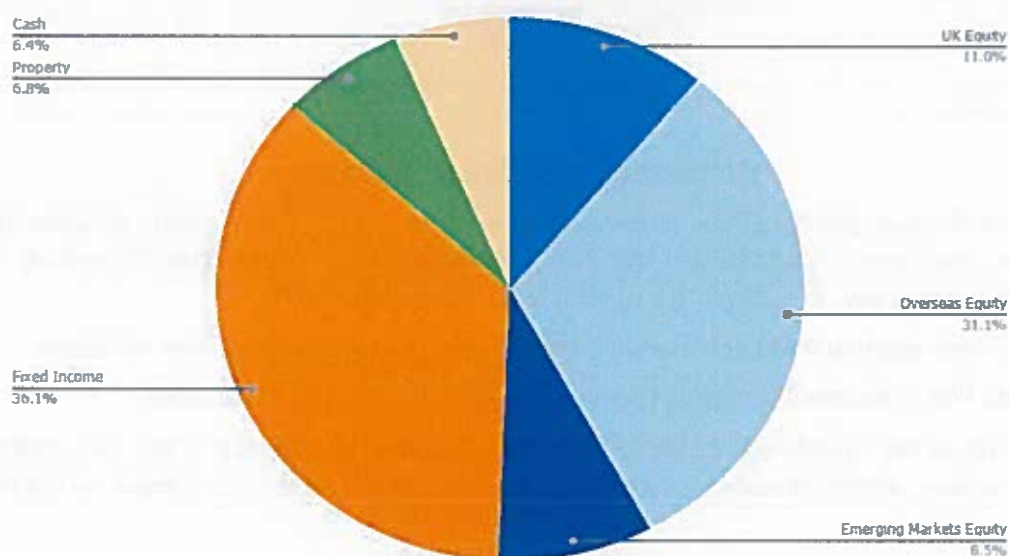
For the portfolio as a whole, half of the investments are in **global equities**, which provide a source of long-term growth and protect the capital from inflation over time.

Fixed Income instruments represent another significant part of the portfolio, aiming to ensure capital preservation for the funds that might be required in the near-to-mid term and to reduce the overall volatility of the portfolio.

Property is included in most funds as a means of portfolio diversification.

There is a small amount of **cash** in the portfolio.

Portfolio split by asset class and region as at 31.12.2019



Source: FIG, Sarasin, Newton

Portfolio as a whole has 50.6% allocation to equities and 36.1% allocation to fixed income instruments. The balance of the funds are invested in property funds and cash, respectively 6.8% and 6.4%.

This asset allocation results from the underlying benchmarks and strategies of the specific funds.

Summary of asset distribution relative to benchmark as of 31 Dec 2019

Asset Class	Total	Benchmark	Relative %
Equity	50.6%	48.0%	2.6%
UK	11.0%	18.9%	-7.9%
Overseas	31.1%	21.7%	9.4%
Emerging	8.5%	7.4%	1.1%
Fixed Income	36.1%	40.3%	-4.1%
Alternatives	6.8%	10.2%	-3.4%
UK Property	6.8%	10.2%	-3.4%
Other	0.0%	0.0%	0.0%
Cash / near-cash	6.4%	1.5%	4.9%

Source: Newton, Sarasin

Investments and Performance

Equity

The geopolitical risks that dominated markets for much of 2019 faded in Q4, helping global equity markets to post gains. UK shares gained. Domestically focused areas of the market performed well amid reduced near-term political uncertainty, following the landslide general election victory for the Conservative Party.

FIG's investments in equities achieved a total return slightly ahead of the respective benchmarks, supported by strong performance of both Sarasin and Newton.

Fixed Income

Rising expectations of a phase one US-China trade deal, with an agreement announced in December 2019, and moderately better economic data supported robust risk sentiment over the quarter. Government bond yields rose (meaning prices fell) and corporate bonds outperformed.

FIG's investments in fixed income shows negative returns in absolute terms, performing broadly in-line with the respective benchmarks.

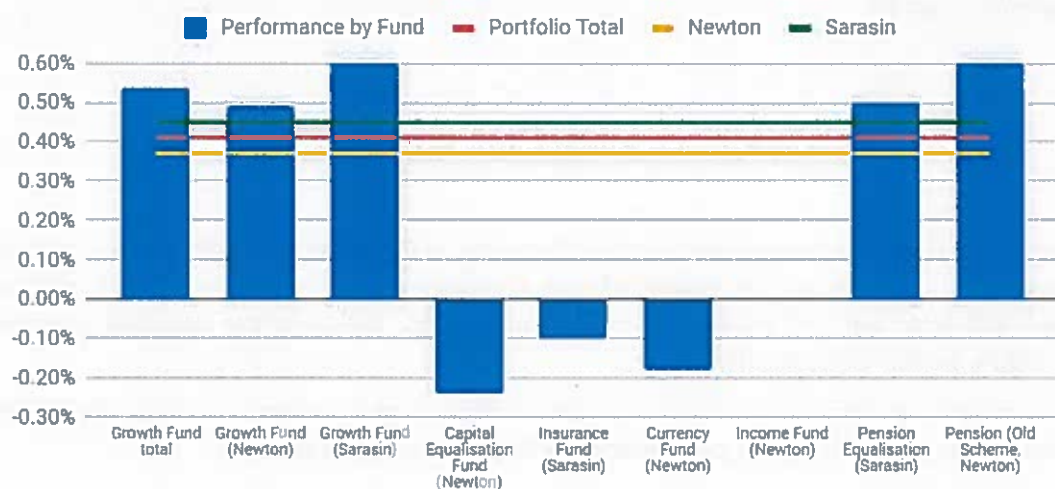
Review of the investment performance

Summary of investment performance by fund, 3M to 31 Dec 2019 and YTD (from 1 July 2019).
Color coded: Green = outperformance, Amber = neutral performance, Red = underperformance

Fund	Total return, %		Index return		Return vs. Index	
	3M	YTD	3M	YTD	3M	YTD
Growth Fund Total	1.9%	4.7%	1.4%	4.0%	0.5%	0.6%
Growth Fund (Newton)	1.9%	4.2%	1.4%	4.0%	0.5%	0.2%
Growth Fund (Sarasin)	2.0%	5.2%	1.4%	4.0%	0.6%	1.2%
Capital Eq Fund	-0.8%	1.3%	-0.5%	1.1%	-0.2%	0.2%
Insurance Fund	-1.3%	1.5%	-1.2%	2.1%	-0.1%	-0.6%
Currency Fund	0.0%	0.4%	0.2%	0.4%	-0.2%	0.1%
Income Fund	0.2%	0.4%	0.2%	0.4%	0.0%	0.0%
Pension Eq Fund	1.3%	4.7%	0.8%	3.7%	0.5%	1.0%
Pension (Old Sch) Fund	-7.6%	-0.2%	-8.2%	-0.7%	0.6%	0.6%
Portfolio Total	0.5%	3.7%	0.1%	3.1%	0.41%	0.55%

Source: Sarasin, Newton, PMCL assumptions.

Returns relative to Composite Benchmarks, 3M to 31 Dec 2019



Source: Sarasin, Newton

Review of the investment performance

We present returns over the past three calendar years in the table below.

Summary of investment performance by fund, 2017-2019

Fund	Total return, %			Index return			Return vs. Index		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Growth Fund total	13.5	-4.3	17.4	11.7	-2.7	15.5	1.8	-1.6	1.9
Growth Fund (Newton)	14.3	-3.8	17.3	11.7	-2.7	15.6	2.6	-1.1	1.7
Growth Fund (Sarasin)	12.4	-4.8	17.4	11.6	-2.7	15.3	0.8	-2.1	2.1
Capital Eq Fund	1.9	-0.1	4.7	1.1	-0.5	3.6	0.8	0.4	1.1
Insurance Fund	1.5	-0.7	5.5	2.3	-0.5	7.3	-0.8	-0.2	-1.8
Currency Fund	0	0.7	1.0	0.3	0.6	0.7	-0.4	0.1	0.2
Income Fund	0	0.7	0.7	0.3	0.6	0.7	-0.3	0.1	0.0
Pension Eq Fund	12.6	-4.8	16.8	11.4	-3.3	15.1	1.2	-1.5	1.7
Pension (Old Sch)	3.4	-1.4	9.0	3.6	-0.9	8.2	-0.2	-0.5	0.9
Portfolio Total	10	-3.3	14.3	8.9	-2.2	13.0	1.2	-1.1	1.4
Sarasin Total	10.5	-4.1	13.4	9.9	-2.5	12.0	0.7	-1.6	1.4
Newton Total	9.5	-2.5	15.2	7.9	-1.9	13.9	1.7	-0.7	1.3

Source: Sarasin, Newton, PMCL assumptions. Average performance for each manager and the portfolio as a whole is approximated as a weighted average of annual performance using portfolio valuations as of 31 December 2018. These figures are not entirely accurate as the managers would normally calculate performance based on daily data. It, however, in our view provides a reasonable approximation for the purpose of the review

Appendix 1

PORTFOLIO PERFORMANCE BY FUND

Growth Fund

The Growth Fund follows a multi-asset strategy and is the largest fund in the portfolio. The Fund is split between both managers, Sarasin and Newton.

Total value of the Growth Fund increased over the quarter by 7% to £220 million. Investment performance was positive, both in absolute terms and relative to the Composite Benchmark.

Growth Fund valuation and performance, 3M to 31 Dec 2019

Fund	Fund value, £000			Change in value		Performance, %	
	30 Sep	30 Dec	Weight, %	£000	%	Total return	vs. Benchmark
Fund Total	£205,400	£219,818	100%	£14,418	7.0%	1.9%	0.5%
Newton	£113,148	£122,691	56%	£9,543	8.4%	1.9%	0.5%
Sarasin	£92,252	£97,127	44%	£4,875	5.3%	2.0%	0.6%

Source: Newton, Sarasin. Performance is shown net of fees

Pension Equalisation Fund

The Benchmark for the Pension Equalisation Fund was changed as of 01/01/2020 to match the benchmark for the Growth Fund. The Fund is managed by Sarasin. We note that both funds followed a similar strategy with only a slight difference in their benchmarks prior to the change. Performance vs. Benchmark for the previous quarter is shown against the incumbent benchmark.

Total value of the Fund increased by 1.2% to £71.6 million, consistent with the investment performance and outperformed slightly the benchmark.

Pension Equalisation Fund valuation and performance, 3M to 31 Dec 2019

Fund	Fund value, £ 000		Change in value		Performance, %	
	30 Sep	31 Dec	£000	%	Total return	vs. Benchmark
Fund Total	£70,710	£71,590	£880	1.2%	1.3%	0.5%

Source: Sarasin. Performance is shown net of fees

Insurance Fund

The Insurance Fund has a fixed income strategy with an equal split between conventional gilts and Sterling corporate bonds.

Total value of the Fund decreased by 1.3% to £33.1 million, consistent with the investment performance. The Fund has slightly underperformed versus its Composite Benchmark over the past quarter.

Insurance Fund valuation and performance, 3M to 31 Dec 2019

Fund	Fund value, £ 000		Change in value		Performance, %	
	30 Sep	31 Dec	£000	%	Total return	vs. Benchmark
Fund Total	£33,541	£33,119	-£422	-1.3%	-1.3%	-0.1%

Source: Sarasin. Performance is shown net of fees

Capital Equalisation Fund

Review of the investment performance

The Capital Equalisation Fund has a fixed income strategy with an equal split between short-term conventional gilts and Sterling corporate bonds (as of 1st January 2018). The Fund is managed by Newton. The strategy is similar to that of the Insurance Fund, but uses a shorter-term Gilts Index (FTA < 5 years for the Capital Equalisation Fund, while FTSE Gilts 5-10 years is used for the Insurance Fund).

Total value of the Fund decreased by 19% to £31.0 million due to net outflows. The performance was slightly behind the benchmark.

Capital Equalisation Fund valuation and performance, 3M to 31 Dec 2019

Fund	Fund value, £ 000		Change in value		Performance, %	
	30 Sep	31 Dec	£000	%	Total return	vs. Benchmark
Fund Total	£38,230	£30,954	-£7,276	-19.0%	-0.8%	-0.2%

Source: Newton. Performance is shown net of fees

The Fund's performance is ahead of its benchmark on a net of fees basis.

Performance analysis: Pension Fund (Old Scheme)

The Pension Fund (Old Scheme) is a multi-asset strategy with a main allocation to Index-Linked Gilts (90% of the benchmark). The Fund is managed by Newton and is invested through pooled investment funds, managed by Newton.

The Fund strategy was changed with a new benchmark effective from 1st January 2020, aiming to match the liabilities of the fund. Performance vs. Benchmark for the previous quarter is shown against the incumbent benchmark.

Total value of the Fund decreased by 7.6% to £32.2mn due to drop in value of index-linked gilts. On a relative basis performance was slightly ahead of the benchmark.

Pension (Old Scheme) Fund valuation and performance, 3M to 31 Dec 2019

Fund	Fund value, £ 000		Change in value		Performance, %	
	30 Sep	31 Dec	£000	%	Total return	vs. Benchmark
Fund Total	£34,862	£32,215	-£2,648	-7.6%	-7.6%	0.6%

Source: Newton. Performance is shown net of fees

Performance analysis: Income and Currency Funds

The Income and Currency Funds are the two smaller cash funds in the portfolio. Both funds follow a benchmark of 1 month sterling LIBOR and are invested in the Insight Liquidity Fund, which is a BNY Mellon owned company. The slight difference in the fund's performance is due to the purchase/disposal of the fund's units through the period.

Income and Currency Funds valuation and performance, 3M to 31 Dec 2019

Fund	Fund value, £ 000		Change in value		Performance, %	
	30 Sep	31 Dec	£000	%	Total return	vs. Benchmark
Currency Fund	£4,885	£4,893	£8	0.2%	0.0%	-0.2%
Income Fund	£1,061	£1,062	£2	0.2%	0.2%	0.0%

Source: Newton, performance is shown net of all fees.

Appendix 2

MARKET CONTEXT

PMCL does not provide forecasts on the global economy and financial markets and does not express tactical views on specific asset classes. However, we closely follow a number of investment managers and provide a summary of investment views expressed by these managers².

Highlights of the past quarter (3 months to 31 December 2019)

The geopolitical risks that dominated markets for much of 2019 faded in Q4, helping global equity markets to post gains. US equities made robust gains in Q4 as trade uncertainty faded with the US and China's "phase one" trade deal announcement.

Eurozone shares advanced, supported by signs of better economic data from Germany as well as optimism surrounding the US and China trade deal. Christine Lagarde took over as president of the European Central Bank.

UK shares gained. Domestically focused areas of the market performed well amid reduced near-term political uncertainty, following the landslide general election victory for the Conservative Party. Bond markets reflected the better mood as government bond yields rose (i.e. prices fell) and corporate bonds performed well.

More widely, many economically sensitive areas of the market outperformed, in line with the trend across global markets amid a return of risk appetite. However, the oil & gas sector was the notable exception and performed poorly over Q4 despite the recovery in crude oil prices.

Fundamentals

After enjoying stellar performance this year, moving into 2020, investors will increasingly ask whether the global economy will proceed towards a recession or whether growth will stabilise at a low level and potentially rebound, meaning the cycle could extend even further.

The economic map for 2020 is far from clear. The keys dominating the newsflow last year, such as US - China trade deal and Brexit remain very relevant. Middle East tensions have amplified towards the end of the year and remain an important theme. US presidential elections in November add to the geopolitical risks in the upcoming year.

Overall most managers believe that the global growth is likely to remain constrained by geopolitical uncertainty and the range of potential outcomes remains very wide. Central banks are likely to remain a key pillar of market support. Asset managers expect asset returns over the next 10 years to be notably lower and riskier than what was experienced over the past 10 years.

Focus on sustainability is proving to become one of the defining trends and is expected to continue to grow, with potential regulatory and policy responses having wide-ranging investment implications.

² The list of managers for this analysis includes: BlackRock, Barings, Cazenove, M&G, Goldman Sachs, Investec, J P Morgan, Baird, Rathbones, Sarasin, UBS, Vanguard and Fidelity. Detailed information on asset class returns is presented in the Appendix.

US - China Trade Deal

It seems that there has been some degree of rapprochement between the US and China over the trade war. Details are still sketchy, but the official release refers to structural reforms and other changes to China's economic and trade regime in the areas of intellectual property, technology transfer, agriculture, financial services, and currency and foreign exchange. None of the additional tariff increases will now take place. This is referred to as Phase-One. Nevertheless, the US will be maintaining 25 percent tariffs on approximately US\$250 billion of Chinese imports, along with 7.5 percent tariffs on approximately US\$120 billion of Chinese imports.

A comprehensive trade deal agreement between the US and China would reignite the global manufacturing cycle. A trade agreement could potentially boost equities, particularly in emerging markets. Slower Chinese growth is expected as the shift from exports to internal consumption continues.

US Presidential Election

The upcoming election in the US in November is another theme that most investment managers highlight in their outlooks for the year. As US equities now represent over half of the global equity markets, the increased uncertainty in the US will have significant implications on the global markets.

US election results could set the stage for sweeping changes in US economic policy and its domestic regulation. Therefore, many managers warn that volatility can rise following some unpredictable newsflow. Some managers note that asset prices could be boosted in the run-up to the presidential election given Trump's preoccupation with equity market returns.

Middle East War - Oil prices

Rising geopolitical tensions with Iran have led to some fears over potential oil supply shocks out of the Middle East. Indeed, Brent crude prices have risen 3.5% year-to-date as markets try and account for this risk. However, JPM suggests that it is unlikely that these tensions will lead to a significant climb in oil prices that spell danger for the global economy.

Goldman Sachs raised its oil price forecasts for 2020, citing tighter-than-expected inventories after the Organization of the Petroleum Exporting Countries (OPEC) and its allies agreed to deepen oil output cuts through the first quarter of next year.

Brexit

UK equities enjoyed a rebound at the end of the last year following the election. However, analysts appear split on whether this will continue. Relief that Brexit is resolved might be replaced by anxiety over the future relationship between Britain and the EU, with the transition period due to end in December 2020. JPMorgan is at odds with other investment banks, believing the pent-up demand of investors waiting for there to be certainty does not exist to an extent that will sustain the rally.

The key investment risk remains the same, as there is still no clarity on the terms of exit and the risks associated with a no-deal Brexit remain on the table.

Monetary Policy

At the end of a tumultuous decade for the global economy and markets, central banks' monetary policies are still firmly centre-stage. As global economic growth slows there will be a growing realisation that monetary policy can't do it all alone, but policy change will take time and a sustainable investment process will be key. In Europe, Christine Lagarde is overseeing a review of the European Central Bank's operations, with a new focus on the climate emergency.

Sustainable Investment

2020 looks set to see climate change become more widely recognised as an investment issue, creating an opportunity for active managers. It is moving from being simply "interesting" to having a real impact on investments. This is being driven by growing public concern, rising regulatory pressure and increased demands for corporations to disclose climate-related risks and opportunities.

The climate-related risks and opportunities are not just confined to equities (shares). Thinking of climate change in investment terms is about far more than just avoiding fossil fuel stocks.

Asset allocation

As growth concerns have started to subside towards the end of 2019, a moderately more optimistic outlook has supported a rotation towards riskier assets, encouraging investors to increase their pro-cyclical exposure. However, in the near term, increasing policy uncertainty and growth-related risks could lead to disappointment and a reverse in asset allocation.

Equities

Many managers anticipate positive returns for equities in 2020 due to the modest pick-up in growth and elevated equity risk premiums.

The strong 2019 equity performance was driven mainly by valuation expansion, as profit growth has generally remained subdued. If this is met with continued limited earnings growth, the managers expect only moderate returns in 2020. But as some managers note, in the late cycle there is always a potential that valuations overshoot as well, supporting returns in the short term.

Fixed Income. Properties. Alternatives

Asset managers also expect global bond yields to pick up further, continuing the trend seen in Q4 2019. So, they are modestly pro-risk in their asset allocation recommendations, with an overweight in equities and underweight in bonds.

The liquidity provided by central banks, particularly the US Federal Reserve, has reduced the risk of recession. However, asset managers are still more worried about growth disappointing than about inflation picking up. As a result, government bonds remain a potentially attractive hedge for multi-asset investors.

Alternatives can provide solid income and capital appreciation opportunities as well as expanded diversification potential. Given the wider range of returns, the hunt for idiosyncratic risk to meet overall portfolio goals and targets remains critical. This is particularly so in the later stages of the economic cycle, so research and selectivity appear key.

Review of the investment performance

Summary of performance for the major asset classes, %

Asset Class	3m to 31 Dec 2019	3m to 30 Sep 2019	12m to 31 Dec 2019	Benchmark Index (all GBP)
Equities				
Global	1.5	3.4	22.0	FTSE All-World
UK	3.6	1.3	19.0	FTSE UK All Share
World ex UK	0.9	4.0	20.1	FTSE Developed World ex UK
Bonds				
Government	-3.9	6.2	6.9	FTSE UK Conv Gilts All Stocks
Corporate	-0.7	3.7	9.5	FTSE £ Corporate Bond Index
Alternatives and Cash				
Property	0.4	0.78	2.09	AREF/ IPD All Balanced Funds UK Property Fund Index
Cash	0.69	0.69	0.69	7 Day LIBOR
Inflation	1.4	1.8	1.8	UK CPI Index (12 month rate)
Interest rate	0.75	0.75	0.75	Bank of England

Source: FTSE Russell, Morningstar, UBS, HFRX, all data is as of 31 December 2019

Appendix 3: Benchmark

Benchmark index

Fund / asset class	Weight	Benchmark Index
Growth Fund		
Equity	65%	
UK	25%	FTSE All-Share
Overseas	30%	MSCI World ex-UK
Emerging	10%	MSCI Emerging Markets
Fixed Income	20%	
UK Gilts	10%	FTSE Gilts All Stocks
Sterling Corporate Bonds	10%	ICE BofAML Sterling Corporate
Alternatives	15%	
UK Property	15%	IPD All Balanced Property Funds - One Quarter Lagged
Pension Equalisation Fund		
Equity	60%	
UK	25%	FTSE All-Share
Overseas	25%	MSCI World ex-UK
Emerging	10%	MSCI Emerging Markets
Fixed Income	30%	
Index Linked Gilts	20%	FTSE Index-Linked Gilts All Stocks
Sterling Corporate Bonds	10%	ICE BofAML Sterling Corporate
Alternatives	10%	
UK Property	10%	IPD All Balanced Property Funds - One Quarter Lagged
Insurance Fund		
Fixed Income	100%	
UK Gilts	50%	FTSE Gilts 5-10 years
Sterling Corporate Bonds	50%	ICE BofAML Sterling Corporate
Capital Equalisation Fund		
Fixed Income	100%	
UK Gilts	50%	FTSE Gilts < 5 years
Sterling Corporate Bonds	50%	ICE BofAML Sterling Corporate
Pension Fund Old Scheme		
Equity	10%	
UK	5%	FTSE All-Share
Overseas	5%	MSCI World ex-UK
Fixed Income	90%	
Index Linked Gilts	90%	FTSE Index-Linked Gilts All Stocks
Currency and Income Funds		
Liquid assets	100%	1 month £ LIBOR

Source: FIG

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Summary of Operating Cash Surplus/(Deficit)							
£000s		2019/20	2020/21	2021/22	2022/23	2023/24	5 year
Operating Cash Surplus per 2019/20 Budget Book		5,623	8,413	9,130	9,487	10,162	42,815
Approvals in year:							
CW1	Jul-19	(4,357)	(1,428)	(272)	(221)	(221)	(6,499)
CW2	Aug-19	(521)	(565)	(565)	(565)	(565)	(2,781)
Carryovers	Aug-19	(2,950)	-	-	-	-	(2,950)
	Sep-19	-	-	-	-	-	-
CW3	Oct-19	(1,211)	(1,267)	(1,262)	(581)	(60)	(4,379)
	Nov-19	-	-	-	-	-	-
	Dec-19	(28)	-	-	-	-	(28)
	Jan-20	-	-	-	-	-	-
	Feb-20	-	-	-	-	-	-
	Mar-20	-	-	-	-	-	-
	Apr-20	-	-	-	-	-	-
	May-20	-	-	-	-	-	-
	Jun-20	-	-	-	-	-	-
Revised Operating Cash Surplus/(Deficit)		(3,443)	5,154	7,032	8,120	9,316	26,179

Report of Virement exercised by the Financial Secretary in accordance with Section 37 of the Finance & Audit Ordinance 1988
(Note: only those virements representing a budget change of £5,000 or above have been reported - SFC decision 25 June 2009)

Dept. Code	Account Code	Dept. Name	Account Description	Original Estimate £	Previous Adjustments £	Virement now Exercised £	Revised Vote Total £	Virement Number	Reason
0101	3138	Regulation	Aviation Safety	102,760	-	42,000	144,760	102	A portion of work by Air Safety Support is recovered by DfT, the amount for 19.20 is higher than budgeted due to aviation regulatory input required so far this year.
0451	1118	Attorney General's Chambers	Legal Costs	30,000	130,000	(42,000)	118,000		
0257	1429	Leisure Centre	Specialist/Consultancy Services	-	-	12,100	12,100	103	Funds required to cover consultancy costs reference the swimming pool.
0257	1039	Leisure Centre	Purchase of S/Pool Consumables	13,000	5,000	(12,100)	5,900		
0257	1429	Leisure Centre	Specialist/Consultancy Services	-	12,100	12,000	24,100	104	Funds required to cover consultancy costs reference the swimming pool.
0257	0613	Leisure Centre	Repairs & Maint - Major Equip.	40,000	15,000	(12,000)	43,000		
0353	1032	Quarry & Asphalt	Asphalt Materials	1,259,000	923	(150,000)	1,109,923	110	There has been more production to date than budgeted for, and more parts will be required to continue processing aggregates.
0353	0613	Quarry & Asphalt	Repairs & Maint - Major Equip.	499,500	18,101	150,000	667,601		
0354	0310	Plant & Vehicle	Salaries/Wages	493,020	-	(79,134)	413,886	114	Additional budget required to enable the ordering of essential chemicals for the water treatment process.
0357	1040	Water	Purc. Filtration Plant Chemicals	38,901	-	79,134	118,035		
0257	0310	Leisure Centre	Salaries/Wages	243,090	10,630	(50,000)	203,720		
0257	0613	Leisure Centre	Repairs & Maint - Major Equip.	40,000	3,000	25,000	68,000	115	Funds required to cover maintenance works on the swimming pool.
0257	1429	Leisure Centre	Specialist/Consultancy Services	-	24,100	25,000	49,100		

2,759,271	218,854	-	2,978,124
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Virements balance to zero, the value of virements included in this report is 345,234

(Note: only those variances of over £5,000 or above have been reported - SFC decision 30/1/19)

Dept. Code	Account Code	Dept. Name	Account Description	Revised Budget £	Actual To January £	Funds Commitment £	Variance £	Explanation
0204	0330	Medical	Medical Fees	-	6,695	-	(6,695)	Potential Virement may be required
0204	0334	Medical	Passages & Travel Expenses	-	11,875	-	(11,875)	Potential Virement may be required
0204	0340	Medical	Occupational Pension Contributions	-	6,008	-	(6,008)	Potential Virement may be required
0205	0708	Medical Treatment Overseas	UK Medical Treatment	5,000	12,323	42,328	(49,651)	Potential Virement may be required from within MTO
0205	0710	Medical Treatment Overseas	Emergency Evacuations	210,900	192,711	170,386	(152,197)	Potential Virement may be required from within MTO
0206	0311	Ward	Locum/Seconded Staff Costs	51,360	76,234	3,386	(28,259)	Potential underspend on salaries to offset additional Locum spend.
0206	0752	Ward	Medical Stores	-	24,482	-	(24,482)	Potential virement may be required from 0214-0752 (Medical Facilities) as spend is being realigned to correct cost centres.
0207	0752	Theatre	Medical Stores	-	36,244	-	(36,244)	Potential virement may be required from 0214-0752 (Medical Facilities) as spend is being realigned to correct cost centres.
0207	1916	Theatre	Hospital - Equipment	-	6,252	-	(6,252)	Potential virement may be required from 0214-1916 (Medical Facilities) as spend is being realigned to correct cost centres.
0208	0752	Primary Care	Medical Stores	-	8,833	277	(9,110)	Potential virement may be required from 0214-0752 (Medical Facilities) as spend is being realigned to correct cost centres.
0209	0311	Community Health	Locum/Seconded Staff Costs	-	13,377	-	(13,377)	Potential underspend on salaries to offset additional Locum spend.
0210	0311	Allied Health Services	Locum/Seconded Staff Costs	-	9,824	-	(9,824)	No Locum budget for 2019/20, potential virement needed to cover additional costs.
0211	0311	Pharmacy	Locum/Seconded Staff Costs	6,000	42,568	-	(36,568)	Some potential underspend on salaries to offset additional Locum spend.
0211	0334	Pharmacy	Passages & Travel Expenses	-	5,278	-	(5,278)	Potential Virement may be required
0212	0311	Pathology	Locum/Seconded Staff Costs	-	92,639	22,241	(114,879)	Some potential underspend could be utilised from salaries, but potential virement still needed to cover additional costs. Now fully staffed and Locum spend has
0212	0900	Pathology	Software Licences	-	11,100	-	(11,100)	Potential Virement may be required
0213	0311	Medical Estates	Locum/Seconded Staff Costs	-	7,589	-	(7,589)	Potential Virement may be required
0214	0311	Medical Facilities	Locum/Seconded Staff Costs	-	18,208	-	(18,208)	No Locum budget for 2019/20, potential virement needed to cover additional costs.
0215	0752	Vulnerable Persons Service Development	Medical Stores	10,000	40,604	118	(30,722)	Potential virement may be required from 0214-0752 (Medical Facilities) as spend is being realigned to correct cost centres.
0217	0310	Physio	Salaries/Wages	-	22,438	-	(22,438)	New cost centres set up, virements will be required to move salary budgets
				283,260	645,281	238,735	(600,756)	

Note that although there are variances on individual budget lines, the expenditure is expected to be managed within the overall Health & Social Services budget.