

## SURREY COUNTY COUNCIL

### INVESTMENT ADVISORY BOARD

## TERMS OF REFERENCE

### Overview

The Investment Advisory Board will recommend investments to Cabinet for approval and will manage the portfolio of investments.

### Membership

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|--|---------------|
| • Leader of the Council (Chairman)     | David Hodge   |
| • Deputy Leader of the Council         | Peter Martin  |
| • Cabinet Member for Business Services | Denise Le Gal |
| • Cabinet Member for Adult Social Care | Mel Few       |
| • Chief Executive                      | David McNulty |

The Investment Advisory Board will be supported and advised by the following officers of the council

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|--|----------------|
| • Strategic Director for Business Services | Julie Fisher   |
| • Chief Finance Officer                    | Sheila Little  |
| • Monitoring Officer                       | Ann Charlton   |
| • Chief Property Officer                   | John Stebbings |
| • Secretary to the Board                   | Susan Smyth    |

The Investment Advisory Board will additionally be supported as required by appropriate professional external advisors which will be commissioned by the Investment Advisory Board when deemed necessary in relation to specific investment or types of investments.

### Purpose

1. The Investment Advisory Board will consider all proposals that contribute to the delivery of the investment strategy and meet the investment criteria. Officers will provide advice on each proposal for consideration. This advice will include how each investment proposal could be taken forward, including a consideration of the risks, structuring and

financing required. Appropriate investments will be recommended to Cabinet for approval.

2. Each investment considered by the Investment Advisory Board will be supported by a business case. In approving a business case, the Board will satisfy itself that the investment is within the council's legal powers, it has properly considered the advice provided and its structure provides value for money taking into account all financial considerations, including taxation. Full due and proper consideration will be given to the balance achieved between risk and reward and the underlying security of the investment proposed to ensure compliance with the fiduciary duty of the council.
3. The Investment Advisory Board will be responsible for the strategic management of the overall portfolio of investments, ensuring that an appropriately balanced portfolio is maintained over an agreed period and that all risks, including those that are emerging are given due consideration.
4. The Investment Advisory Board will consider and recommend the use of the Revolving Investment and Infrastructure Fund (the Investment Fund) to meet the initial revenue costs of appropriate initiatives that deliver income in the longer term. The Board will receive twice annual reports regarding the status of the Investment Fund for consideration.
5. The Investment Advisory Board will approve the use of the Revolving Investment and Infrastructure Fund to procure external advice, for example property investment advisors, legal and financial specialists, including taxation advice.

### Scope

6. The Investment Advisory Board will consider all significant investment activity including, but not limited to, the acquisition of property, share capital and provision of financial assistance, for example loan financing.
7. The Investment Advisory Board will consider investment in council owned trading companies (LATC) where the proposal includes significant financial investment in excess of £1.0m. Once established, trading companies will be overseen by the Shareholder Board.

### Evaluation Criteria

8. The Investment Advisory Board will apply the criteria described in the Investment Strategy approved by Cabinet in July 2013 in evaluating proposed investments. These are;

a) The acquisition or investment is within the powers of the Council and can be undertaken with appropriate regard to tests of reasonableness, fiduciary duty and value for money.

If this is the case, then the following criteria will be evaluated

b) The amount of investment required is greater than the threshold for investment which has been set for the Investment Strategy (initially more than £10m except for trading opportunities where this threshold will not apply). In establishing the portfolio it may be the case that smaller sized investments will be considered.

c) The period over which a return will be made, ensuring that this is achieving a balance between the short, medium and longer term.

d) Whether the investment aids the achievement of a balanced portfolio in the longer term.

e) That the rate of return is consistent with the level of risk involved (within tolerances) as defined by the Investment Strategy.

## Meetings

9. The Investment Advisory Board will have scheduled meetings on a monthly basis with further meetings arranged if necessary in order to respond promptly to opportunities. Meetings will be cancelled if there are no agenda items to be discussed.
10. The quorum for the Board is a minimum of 3 members, with one being the Leader or Deputy Leader.
11. The Chairman approves the agenda for each meeting. The agenda and papers for consideration are circulated at least two working days before the meeting. After each meeting, the Chairman approves the meeting notes and actions agreed. Susan Smyth, Strategic Finance Manager, will act as secretary to the Board.
12. The Investment Advisory Board will review the Terms of Reference annually.

04.03.2014

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