

**SURREY COUNTY COUNCIL**  
**INVESTMENT BOARD**



**TERMS OF REFERENCE**

**Overview**

The Investment Board will oversee the development and management of the portfolio of investments created in accordance with the Investment Strategy of the council. The board has delegated authority from the Leader to;

- approve property investment acquisitions
- approve property investment development and management expenditure
- approve the provision of finance to the council's wholly owned property company, Halsey Garton Property Ltd, for the purposes of the Investment Strategy
- approve property investment disposals (including those held by Halsey Garton Property Ltd)

The board will recommend non-property investments to Cabinet for approval.

**Membership**

- Leader of the Council (Chairman)
- Deputy Leader of the Council
- Cabinet Member for Business Services & Resident Experience
- Associate Cabinet Member for Assets and Regeneration
- Cabinet Member for Adult Social Care
- Chief Executive

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

- Director of Finance
- Director of Legal, Democratic & Cultural Services
- Chief Property Officer
- Secretary to the Board

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

## Purpose

1. The Investment 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.
2. Each investment considered by the Investment 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 Board will be responsible for approving all property investment acquisitions and for approving the provision of finance to the council's wholly owned property company, Halsey Garton Property Ltd, for the purposes of the Investment Strategy.
4. The Board will be responsible for approving all property development expenditure where this results in an asset that will be managed as part of the investment portfolio and will be responsible for approving property management expenditure for the portfolio including projects that deliver additional value to an existing asset. The Board will be responsible for the approval of the provision of finance to Halsey Garton Property Ltd for the same purpose
5. Appropriate non-property investments will be recommended to Cabinet for approval.
6. The Investment Board will be responsible for approving 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.
7. Unless approval of Full Council is required by law the Board will be responsible for approving the disposal of property investment assets including those held by Halsey Garton Property Ltd.
8. The Investment 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 reports twice a year regarding the status of the Investment Fund for consideration.

9. The Investment 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.

### **Scrutiny**

10. The Investment Board will provide a report on the investment portfolio and its performance to Cabinet annually and provide summary information to each Cabinet meeting as part of the update of decisions taken and the financial monitoring report.
11. The Council Overview Board will be able to call the Investment Board to account for progress in relation to achieving the stated aims of the Investment Strategy.

### **Scope**

12. The Investment 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.
13. The Investment 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**

14. The Investment 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

- 15. The Investment 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.
- 16. The quorum for the Board is a minimum of 3 members, with one being the Leader or Deputy Leader.
- 17. 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.
- 18. The Investment Board will review the Terms of Reference annually.