

MINUTES of the meeting of the **STRATEGIC INVESTMENT BOARD** held at 1.30 pm on 18 December 2019 at County Hall, Kingston upon Thames, Surrey KT1 2DN.

These minutes are subject to confirmation by the Committee at its meeting on Monday, 27 January 2020.

Elected Members:

*Present

- * Mr Mel Few
- Dr Zully Grant-Duff
- * Mr Colin Kemp
- * Mr Tim Oliver

In attendance

Sonia Sharma	Strategic Finance Manager
Paul Evans	Director of Law & Governance
Peter Hopkins	Lead Asset Strategy Manager
Graham Brammer	Property Investment Consultant
Patricia Barry	Director, Land & Assets
Diane Wilding	Assistant Director - Business Infrastructure

22/19 APOLOGIES FOR ABSENCE [Item 1]

An apology was received from Dr Zully Grant-Duff.

23/19 MINUTES OF THE PREVIOUS MEETING - 30 OCTOBER 2019 [Item 2]

The Minutes of the meeting held on 30 October 2019 were approved as a correct record.

24/19 DECLARATIONS OF INTEREST [Item 3]

There were none.

25/19 PROPERTY INVESTMENT STRATEGY REFRESH [Item 4]

The Board considered a report introduced by the Property Investment Consultant in which he highlighted the main elements of the report and reasoning behind the recommendations as well as early next steps.

RESOLVED:

That the Board adopt a revised strategy for investment in property assets as follows:

1. The Council should retain but, for the time being, make no further investments in its portfolio outside Surrey - unless it is to protect or enhance the value of an existing investment. e.g. where a tenant fails, invest for conversion of the property to an alternative use.
2. In general, there should be greater focus placed on capital/revenue/tax planning at the evaluation stage of any future property investments.

3. The resources in the Council's property team and its financial resources should be reprioritised to focus on:
 - Identifying non-operational properties and surplus operational properties in Surrey which offer value opportunities (revenue, capital or both) through development or disposal (in line with the Asset and Place Strategy).
 - Unlocking the identified value opportunities in Surrey, by investing appropriately.
 - Managing robustly (via professional advisors) the performance of the existing institutional grade UK-wide investment portfolio of the Halsey Garton Properties Ltd group of companies (HGP).
 - Delivering the ambitions / plans for the small number of investment properties held directly by SCC for strategic purposes.
4. Until the review of the treatment of asset revaluations by HGP is concluded, legal entities outside HGP should be used for processing surplus assets arising from the Asset and Place strategy.
5. Bespoke Key Performance Indicators (KPIs) should be adopted for each of an emerging group of distinct sub – portfolios of property investments (e.g. SCC, versus HGP) to reflect the different underlying asset types and financial expectations of each.

Reason for Decision:

The revised investment strategy:

- Protects an important revenue stream of £5m per annum needed to support the provision of much needed services in the county of Surrey.
- Focuses the Council's people and financial resources on the highest value opportunity available whilst also recognising the primacy of the needs of the people of Surrey for housing and economic / town centre regeneration.
- Recognises a progressively less benign outlook for financing of non-Surrey based property (gearing constraints, treatment of asset revaluations)
- Recognises changes in the wider UK property market over the last 2-3 years which have driven down yields for high quality assets to a point where the balance between risk and reward is currently no longer attractive.
- Gives scope to develop and retain the best assets released under the Asset and Place strategy to provide additional income streams for the future, whilst further diversifying the overall mix of investments held.

26/19 COMPANY CLOSURE - SURREY FIRST [Item 5]

The Board considered a report regarding the winding up of Surrey First. Members discussed retention of the name of Surrey First in order to use if for another Council company. Officers were requested to look into this and action.

RESOLVED:

1. That Surrey First be wound up through a voluntary strike-off at Companies House.

2. Whilst Surrey First will be Closed, the Council would like to retain the name "Surrey First" and therefore as soon as the company is closed this name be reserved, to be used either by an existing company (e.g the Halsey Group of companies) or a new company.

Reason for decision:

The Company had been dormant for 18 years. Whilst small, there was an administrative burden to maintaining a dormant company. There were no plans to return to Company to activity and so it should be closed. The original purpose of the Company was now fulfilled in a different way by the Council.

Meeting ended at: 1.39 pm

Chairman

