

MINUTES of the meeting of the **STRATEGIC INVESTMENT BOARD** held at 10.30 am on 17 February 2025 at Surrey County Council, Council Chamber, Woodhatch Place, 11 Cockshot Hill, Reigate, Surrey, RH2 8EF.

These minutes are subject to confirmation by the Board at its next meeting.

Elected Members:

(present *)

- * Natalie Bramhall
- * David Lewis
- Tim Oliver OBE
- * Denise Turner-Stewart

In attendance

Andy Brown, Deputy Chief Executive and Executive Director for Resources
(joined online)

Simon Crowther, Interim Executive Director for Environment, Property & Growth
(joined online)

Debbie Chantler, Assistant Director Legal Services

Rachel Wigley, Director of Finance

Neil Jarvey, Strategic Finance Business Partner

Charles Maxlow-Tomlinson, Managing Director - Surrey Property Group

1/25 APOLOGIES FOR ABSENCE [Item 1]

Apologies were received from Councillor Tim Oliver.

2/25 MINUTES OF THE PREVIOUS MEETING [Item 2]

These were agreed as a correct record of the meeting.

3/25 DECLARATIONS OF INTEREST [Item 3]

There were none.

4/25 QUESTIONS AND PETITIONS [Item 4]

There were none.

5/25 RANGER HOUSE, GUILDFORD SALE & REFURBISHMENT [Item 5]

The report was introduced by the Cabinet Member for Property, Waste and Infrastructure who explained that the report recommended Surrey County Council to sell an office property known as Ranger House in Guildford to Surrey Property Group (SPG). The Council was keen to sell the asset so they are not exposed to relying on 3rd party rental income and the associated risks of fluctuations adversely impacting on the Council's revenue budget. The proposed sale to SPG maximised the capital value and revenue potential of the investment property. It also mitigated the risk of short term income fluctuations impacting the Council's revenue budget by way of transferring ownership to its wholly

owned subsidiary property investment company. It was explained that SPG was better placed to maximise the asset and would propose a full refurbishment project making the building more attractive to potential occupiers. It was stated that would make more commercial sense for the building to go to SPG rather than a third party company, with all profits coming into the Council as the sole shareholder.

The Managing Director of SPG explained that the subsidiary property company had previously been known as Halsey Garton Property Investments. The Managing Director explained that the Board has reviewed the opportunity independently and was happy to accept the property transfer to SPG. The Board believed that following refurbishment work and based on advice from an independent valuer, once the property had works completed there would be significant capital profit. It was commented that this would also be a fantastic opportunity to improve the property portfolio within Surrey which will in turn drive new business.

The Chairman asked the Managing Director of SPG to comment on the five options considered in the report. The Managing Director recommended the option to do the maximum amount to the building to attract tenants. The mechanical and engineering works within the building were in a poor state. Refurbishment was required of the common parts and showers would also be introduced for cyclists. The EPC rating of the building also needed to be improved. Three formal tenders had been received for costs of the works and these were yet to be analysed.

The Interim Executive Director Environment, Property & Growth stated that the disposal of Ranger House was a good strategic fit for both the Council and SPG.

RESOLVED:

1. That the Strategic investment Board approves the sale of Ranger House to Surrey Property Group (previously known as Halsey Garton Property Investment Ltd (HGPI), in accordance with the red book valuation dated 29 January 2025 and delegated authority to be given to the s.151 Officer to agree that amount.
2. That the Strategic investment Board approves the provision of a loan by the Council to Surrey Property Group (SPG), secured against the Ranger House property, to partly fund SPG's purchase and redevelopment of the property. Delegated authority to be given to the s.151 Officer to agree the loan details.

3. That the Strategic investment Board approves gives the SPG Board delegated authority to proceed with required refurbishment works to provide suitable accommodation to lease out to third parties for the purposes of maximising income for revenue generation purposes and maximising capital value of the asset once it is fully let.
4. That the Strategic investment Board notes that all of the above are subject to separate agreement by SPG Board in accordance with its own governance.

Reasons for Decisions:

- There are currently 2 tenants of Ranger House, the largest of which has a tenant option to break in November 2025 (which it would need to serve by May 2025). It currently leases and occupies 20,842 sq. ft Net Internal Area (NIA).
- The Council is currently incurring void service charges, business rates and insurance costs at Ranger House.
- Informed by advice from MAC Consulting (M&E advisors) and Oktra (design and build office fit out specialists), the professional team (Colliers and Owen Isherwood) has carried out initial surveys and occupational research to inform a Business Plan. This has focused on making necessary building improvements at minimal non-recoverable landlord capital expenditure to achieve maximum rental income.
- Transferring the asset from SCC to SPG moves the short-term risk of year-to year-net income fluctuations on the property from the Council to its wholly owned property investment subsidiary company. The subsidiary can then plan for dividends and interest payments in consideration of those forecast movements and its overall portfolio profitability, smoothing out a degree of year-to-year volatility of net income to the Council. The longer-term capital asset value risk of prolonged voids is unchanged by holding the asset in the subsidiary as fluctuations would still impact net income (albeit via loan or dividend payments) and still impact asset value (via potential credit loss adjustment).
- A positive NPV is forecast to be generated, including the capital receipt to the Council and future benefits to SPG that would flow to the Council over time. The Council's Central Income and Expenditure budget would also benefit.

(The decisions on this item can be called-in by the Resources and Performance Select Committee)

6/25 EXCLUSION OF THE PUBLIC [Item 6]

7/25 RANGER HOUSE, GUILDFORD SALE & REFURBISHMENT [Item 7]

The Part 2 report was introduced by the Cabinet Member for Property, Waste and Infrastructure. A separate confidential minute was done for this item.

RESOLVED:

1. That Cabinet approves the sale of Ranger House to Surrey Property Group (previously known as Halsey Garton Property Investment Ltd (HGPI) [Exempt Minute E-05-25], in accordance with the red book valuation dated 29 January 2025 and delegated authority to be given to the s.151 Officer to agree that amount.
2. That Cabinet approves the provision of a loan [Exempt Minute E-05-25] by the Council to Surrey Property Group (SPG), secured against the Ranger House property, to partly fund SPG's purchase and redevelopment of the property. Delegated authority to be given to the s.151 Officer to agree the loan details.
3. That Cabinet gives the SPG Board delegated authority to proceed with required refurbishment works [Exempt Minute E-05-25], to provide suitable accommodation to lease out to third parties for the purposes of maximising income for revenue generation purposes and maximising capital value of the asset once it is fully let.
4. That Cabinet notes that all of the above are subject to separate agreement by SPG Board in accordance with its own governance.

Reasons for Decisions:

Exempt Minute E-05-25.

(The decisions on this item can be called-in by the Resources and Performance Select Committee)

Meeting ended at: 11.02 am

Chairman