

18 October 2024



## **STRATEGIC INVESTMENT BOARD ANNUAL REPORT – FINANCIAL YEAR 2023/24 – Investments Overview (part 1 report)**

### **Purpose of report:**

The Strategic Investment Board (SIB) is a sub-committee of Cabinet and reports annually to the Council. The purpose of SIB is to safeguard the Council's interest as shareholder and to take decisions in matters that require the approval of the Council as owner of a company.

The report will be considered by SIB at its meeting of 31 October 2024.

### **Executive Summary:**

1. The Council wholly owns 4 companies that are currently trading, being Halsey Garton Property Ltd, Halsey Garton Residential Ltd, Hendeca Group Ltd and Surrey Choices Ltd. It also owns 50% of Surrey and Kent Commercial Services LLP, and minority shareholdings in TRIC Consortium Ltd and UK Municipal Bonds Agency Ltd.
2. Combined pre-tax net profits (unaudited) of £1.3m were achieved, compared to £2.4m in 2022/23. This included a £0.7m reduction in Halsey Garton Property due to the loss of ongoing rent and other impacts from the disposal of a property in Halsey Garton Property, and the prior year benefiting from a bad debt provision release. A further £0.4m reduction was in Hendeca, due to an increase in staffing, change in the mix of business, and one-off costs.
3. Surrey and Kent Commercial Services (trading as Connect2Surrey) produced a small profit in its second year of trading.
4. Interest of £14.8m was paid to the Council on loans to subsidiaries, predominantly from Halsey Garton Property. The Council makes a commercial return on these arms-length loans by charging interest to subsidiaries at a commercial market rate that is higher than its own cost of financing.

5. Dividends of £22k were paid to the Council during the year, being from TRIC Consortium, compared to £430k received in 2022/23 from Hendeca and TRIC Consortium.

#### **Introduction:**

6. As part of its strategy to innovate in developing new models of delivery and to benefit from the freedoms introduced by the Localism Act, Surrey County Council made investments and created trading companies to deliver income and efficiencies and in doing so has established a Strategic Investment Board, which reports annually to the Council. The purpose of the Board was to safeguard the Council's interest as shareholder and to take decisions in matters that required the approval of the Council as owner of a company.
7. The report is to be considered by the Strategic Investment Board at its meeting of 31 October 2024.

#### **Conclusions:**

8. The Companies continue to generate income for the Council through commercial loans.
9. The current performance, risk, governance, and long-term outlook of companies is monitored by the Shareholder Investment Panel and SIB.

#### **Recommendations:**

10. Cabinet endorses the Annual Report of SIB.

#### **Next steps:**

None

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#### **Report contact**

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#### **Sources/background papers**

Commentaries by Managing Directors of the companies