

TANDRIDGE DISTRICT COUNCIL

INVESTMENT SUB COMMITTEE

Minutes and report to Council of the meeting of the Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 5 November 2021 at 10.00am.

PRESENT: Councillors Bourne (Chair), Cooper, Elias and Langton

ALSO PRESENT: Councillors Farr

APOLOGIES FOR ABSENCE: Councillor Jones

1. **MINUTES OF THE MEETING HELD ON THE 24TH SEPTEMBER 2021**

The minutes were confirmed and signed as a correct record.

2. **SUMMARY INVESTMENT AND BORROWING POSITION AT 30TH SEPTEMBER 2021**

The investment analysis at Appendices A and B was presented.

Members reiterated their wish from the 11th June 2021 meeting that the term 'high yielding' should be removed from future investment reports.

The Chair explained that the anticipated remodelled report from Link Group (the Council's treasury advisors) would now be presented to the Sub-Committee's meeting on the 21st January 2022. This would help to inform a decision on the use of the redeemed proceeds from Funding Circle which had accumulated since the decision to cease re-investing in its peer to peer loans and to withdraw funds as those loans were repaid. It was confirmed that the 11.2% yield rate from Funding Circle (Appendix A refers) reflected the withdrawal of principal investment, together with a one-off recovery of non-performing loans, and did not reflect pure income.

RESOLVED – that the Council's Investment and Borrowing position at 30th September 2021, as set out in Appendices A and B, be noted.

3. **GRYLLUS HOLDINGS AND GRYLLUS PROPERTY FINAL ACCOUNTS 2020/21**

The Sub-Committee considered financial statements for the year ended 31st March 2021 in the respect of these Council owned subsidiary companies, together with a report from Kreston Reeves LLP arising from its audit of the accounts.

The key issues identified within the Officer covering report were:

- Gryllus Holdings had been dormant during the reporting period and the an unqualified audit opinion had been issued.

- Gryllus Housing had also been dormant during the reporting period and the accounts were unaudited.
- Gryllus Property Limited had recorded a loss of £1,792,530 due to revaluation losses of the company's three properties (30-32 Week Street, Maidstone; 80-84 Station Road East, Oxted and Castlefield House, Reigate). This had been expected due to the fact that Castlefield House was purchased during the 2020/21 reporting year and its valuation had attracted one off purchase costs. Without such costs, the company made an operational post tax profit of £72,373. An unqualified audit opinion had been issued.

The Kreston Reeves audit had identified:

- a late VAT payment (by one day) which had incurred an HMRC penalty fine
- an incorrect posting of £205,583 rental income.

Consequently, Kreston Reeves had recommended measures to reduce the likelihood of such errors reoccurring, namely additional staffing capacity to deal with VAT payments and a quarterly reconciliation of actual and expected rental income.

RESOLVED – that the following be noted:

- (i) the annual financial statements for Gryllus Holdings Limited, Gryllus Housing Limited and Gryllus Property Limited for the year ended 31st March 2021
- (ii) the report from Kreston Reeves arising from its annual audit of Gryllus Holdings Limited and Gryllus Property Limited for the year ended 31st March 2021
- (iii) the management accounts for Gryllus Property Limited (profit by property).

4. INVESTMENT PROPERTY UPDATE

The Sub-Committee resolved to move into 'Part 2' for this item in accordance with Paragraph 3 (information relating to financial or business affairs) of Part 1 of Schedule 12A of the Local Government Act 1972.

The officer report advised Members about the performance of the of the commercial investment properties owned by the Council and its subsidiary company, Gryllus properties:

TDC properties:

- Quadrant House, Caterham Valley
- Redstone House, South Nutfield
- Village Health Club, Caterham on the Hill

Gryllus properties:

- Castlefield House, Reigate
- 80-84 Station Road East, Oxted

- 30-32 Week Street, Maidstone *(a strategic advice report from*

The information comprised an update about asset management activity for each property; an analysis of opportunities and risks; and valuations carried out by Wilkes, Head and Eve in December 2020 (for the Gryllus properties) and February 2021 (for the TDC properties).

Members were also provided with:

- rent / service charge collection data for Quadrant House and a risk register compiled by Huntley Cartwright quantity surveyors; and
- an options analysis from Colliers (property consultants) regarding the future use of 30-32 Week Street.

The officer report advocated that Redstone House be sold. Under the Council's scheme of delegation (Part E of the Constitution) such a disposal, due its value being in excess of £1 million, would need to be recommended by the Strategy & Resources Committee for ratification by Full Council. The property had been recently vacated by the Surrey & Borders Partnership NHS Foundation Trust which had been paying rent of approximately £50,000 per annum to the Housing General Fund. The rationale for selling the property had been presented in a briefing note to the Sub-Committee, Bletchingley & Nutfield Ward Councillors and Housing Committee members. The briefing note was appended to the agenda pack for the meeting and explained why the property was considered to be inappropriate for use as social housing.

The Sub-Committee supported the recommendation to sell Redstone House, but considered that planning permission be sought by the Council with a view to the property being offered for sale with the required consents being in place.

RESOLVED – that

- A. the recent and proposed property asset management activity be noted; and
- B. Redstone House be marketed for sale.

COMMITTEE DECISION

(subject to ratification by the Strategy & Resources Committee)

RECOMMENDED – that deemed planning consent be sought to enable Redstone House to be sold with the required planning permission already in place.

COUNCIL DECISION

(subject to ratification by the Strategy & Resources Committee and Full Council)

RECOMMENDED – that Redstone House be sold for the best consideration as can be achieved by the Executive Head of Communities.

Rising 11.24 am