

# 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 3 November 2023 at 10.00 am.

**PRESENT:** Councillors Langton (Chair), Booth, Botten, Chris Farr, Hammond, Alun Jones and O'Driscoll (Substitute) (In place of Cooper)

**ALSO PRESENT:** Councillors Gaffney

**ALSO PRESENT (Virtually):** Councillor Smith

**APOLOGIES FOR ABSENCE:** Councillor Cooper

### 1. MINUTES OF THE MEETING HELD ON THE 16TH JUNE 2023

These minutes were approved and signed as a correct record.

### 2. SUMMARY INVESTMENT AND BORROWING POSITION AT 30TH SEPTEMBER 2023

A report with the investment analysis at Annexes A and B was presented. This confirmed that, at 30<sup>th</sup> September 2023:

- (i) total long term treasury investments (over 12 months) amounted to £10.7m
- (ii) short term investments (less than 12 months) amounted to £13m
- (iii) the Council also held £16.5m in non-treasury investments, comprising capital loans to specific service providers and limited companies
- (iv) the total amount of Public Works Loan Board (PWLB) loans was £99.4m, comprising £43.4m General Fund loans and £56m Housing Revenue Account loans.

Following consultation, the Government had extended the 'IFRS 9 statutory override' until March 2025. Consequently, the General Fund would continue to be insulated from gains and losses in the capital value of the Council's long-term investments in the following four funds:

- CCLA Property Fund
- Schroders Credit/Bond Fund
- UBS Multi Asset Fund
- CCLA Diversification Fund.

However, the Government's commentary on the consultation outcome suggested that the override might not be further extended. In that respect, the Council's Investment Performance Equalisation Reserve (IPER) would mitigate against the risk of reductions in the carrying value of the above funds from impacting upon the General Fund balance. At the previous meeting, it was noted that IPER surpluses could be released to the General Fund if and when confidence in the assets' market values recovered. The current carrying loss had increased to £1.5m and it remained uncertain whether market values would recover by the time the current override

elapsed. The Chief Finance Officer confirmed that the 2023/24 investment outturn report (to be submitted to the Sub-Committee early in the next financial year) would enable Members to consider options for utilising investment income and use of the IPER.

A Quarter 2 update on performance against the Council's treasury and other prudential indicators was also submitted. This included commentary on a new Public Works Loan Board discounted rate for Housing Revenue Account borrowing, made available from 15<sup>th</sup> June 2023. Advice would be taken from Arlingclose and the Centre of Expertise on whether accessing this rate offered good value. (The Council's HRA debt was currently funded by internal borrowing).

**RESOLVED** – that the following be noted:

- A. the Council's investment and borrowing position at 30<sup>th</sup> September 2023 as set out in Annexes A and B;
- B. the Council's actual performance against the indicators set within the Treasury Management Strategy for 2023/24 in Annex C;
- C. the commentary from Arlingclose on the external context for treasury management; and
- D. the update on the performance of the Council's long-term treasury investments.

### 3. 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.

Latest information was presented about the commercial investment properties owned by the Council and its subsidiary company, Gryllus properties. The sites concerned were:

#### **Gryllus properties:**

##### **80-84 Station Road East, Oxted**

The previous lease expired on the 17<sup>th</sup> September 2023 and a new lease was being negotiated.

##### **30-32 Week Street, Maidstone**

The terms of a lease to a new tenant were close to being agreed, with a schedule of refurbishment works ready to go to tender. A dilapidations claim was also being negotiated with the previous tenant, details of which were discussed. The Chief Finance Officer explained the implications of the reduction in rental income arising from the prospective new lease.

##### **Castlefield House, Reigate**

Members were advised about the Council's potential approach to this asset in light of the next rent review and the intentions of the existing tenant.

**TDC properties:****Quadrant House, Caterham Valley**

Since the previous report, Subway had renewed its lease of 49 Croydon Road, details of which were shared with the Sub-Committee. It was also noted that Suite 1C Quadrant House North was being marketed following the departure of the previous tenant. An offer to let another area of Quadrant House and potential terms for renewal of the Workary lease were the subject of two separate items on the agenda.

**Village Health Club, Caterham on the Hill**

The tenant, Freedom Leisure, had sought financial assistance from the Council for both this site and Tandridge Leisure Pool in Oxted. Members were updated about the Council's response to this request which, while falling short of direct financial support, included a grant application to England's Swimming Pool Support Fund. Concerns regarding the current inability to impose service delivery standards as part of the lease agreements (which were limited to property contracts) for these two sites were discussed.

**Council Offices, Oxted**

Members were advised about a recent letting and two other lease renewals. Officers had continued to assess the scope for further lettings, together with potential solutions for increasing car parking capacity, and wished to instruct a local agent to begin marketing the surplus space. Potential options for assisting those working in the Council Offices to park elsewhere in Oxted were discussed.

***R E S O L V E D*** – that:

- A. the report be noted; and
- B. the Officers' initiative to lease more surplus space at the Council Offices be endorsed.

**4. PROPOSED NEW SHOP LETTING**

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.

A report concerning an offer to let three shop units in Quadrant House, Caterham was considered. Opposing arguments about whether the Council should accept the offer were debated, which concluded with the Sub-Committee voting against.

***R E C O M M E N D E D*** (to the Strategy & Resources Committee) that the offer from a prospective tenant to lease three shop units in Quadrant House be declined.

**5. THE WORKARY LEASE RENEWAL**

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.

Wimbletech, trading as 'The Workery', had been occupying a unit in Quadrant House, Caterham as a co-working office since August 2020. The original lease had expired on 12<sup>th</sup> August 2022 and officers had since been attempting to negotiate terms for a renewal. Negotiations had reached an impasse and Officers wished to seek guidance from the Sub-Committee on how to proceed. A report was submitted regarding officers' proposed terms for the renewal of Wimbletech's lease.

**RESOLVED** – that a renewal of the lease to Wimbletech be on the terms presented within the report.

Rising 12.08 pm