

TANDRIDGE DISTRICT COUNCIL

INVESTMENT SUB COMMITTEE

Minutes and report to Council of the meeting of the Sub-Committee held in the Council Chamber, Council Offices, Station Road East, Oxted on the 19th January 2024 at 10:00am.

PRESENT: Councillors Langton (Chair), Booth, Chris Farr, Hammond and Alun Jones

ALSO PRESENT (Virtually): Councillor Moore

APOLOGIES FOR ABSENCE: Councillors Botten and Cooper

1. MINUTES OF THE MEETING HELD ON THE 3RD NOVEMBER 2023

These minutes were confirmed and signed as a correct

2. SUMMARY INVESTMENT AND BORROWING POSITION AT 31ST DECEMBER 2023

A report with the investment analysis at Annexes A to C was presented, together with commentary from Arlingclose (the Council's treasury advisors) on the external context for treasury management activity. The report confirmed that, at 31st December 2023:

- (i) total long term treasury investments (over 12 months) amounted to £10.8m
- (ii) short term investments (less than 12 months) amounted to £20.5m
- (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.

Regarding the Council's four investment funds (listed below), investment income was forecast to be £649k in excess of budget in 2023/24, although market values represented a carrying loss of £1.3m, a £0.2m improvement from the previous quarter.

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

The 2023/24 surplus had not been factored into the draft General Fund budget and the option of using it to increase the Investment Performance Equalisation Reserve (for mitigating the risk of carrying losses should the 'IFRS 9 statutory override' be removed) would have to be considered in due course. Arlingclose were asked to consider advice on the appropriate level to be held in the reserve. This will be considered by Sub-Committee as part of the 2023/24 Outturn reporting. A government decision on the future of the override was not expected until after the next general election.

The report also:

- explained that the CCLA were proposing to merge its Diversified Income Fund (DIF) with another existing fund under its management, the Better World Cautious Fund (BWCF) - Arlingclose did not foresee any major changes in the risk or return as a result of the conversion; and
- commented on the discounted Public Works Loan Board interest rate for the HRA, and that fact that, at present, the Council was able to finance HRA loans via internal borrowing.

RESOLVED – that the following be noted:

- A. the Council's investment and borrowing position at 31st December 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 Annexe 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. CAPITAL, INVESTMENT AND TREASURY MANAGEMENT STRATEGY FOR 2024/25

This strategy provided a high-level overview of how capital expenditure, capital financing and treasury management activity contribute towards the delivery of the Council's priorities, along with an explanation of how risk, security and liquidity are managed. It comprised:

- capital and investment overviews
- a treasury management strategy statement for 2024/25
- an investment property strategy for 2024/25
- an (unchanged) Minimum Revenue Provision (MRP) policy statement for 2024/25
- a statement of principles of corporate governance for the capital programme.

The Chief Finance Officer confirmed that the strategy was fundamentally the same as for 2023/24, subject to the relatively minor amendments outlined in Section 5 of the covering report.

David Green (Arlingclose) gave an overview of relevant national economic issues, namely:

- GDP and inflation analysis
- current Government consultations regarding:
 - proposed new rules for Minimum Revenue Provision, to ensure its application across the entire Capital Financing Requirement from 2024/25 (the Council's approach to MRP was already in line with the proposals); and
 - a call for views on increased flexibility for the use of capital receipts.

COUNCIL DECISION
(subject to ratification by Council)

RECOMMENDED – that that the [Capital Investment and Treasury Management Strategy 2024-25](#), as at Appendix 1 to the report, be approved, subject to ratification by Full Council.

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.

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

Gryllus properties:

80-84 Station Road East, Oxted

A new lease with the existing tenant was being negotiated.

30-32 Week Street, Maidstone

Terms had been agreed on a new letting.

Castlefield House, Reigate

The next critical timeline was the rent review due on 25th March 2024. The current intentions of the existing tenant were noted.

TDC properties:

Quadrant House, Caterham Valley

Following ratification by Full Council of the letting to McDonalds, information was provided about work being undertaken to mitigate potential impacts. The Principal Asset Manager responded to questions and acknowledged that certain issues regarding the wider management of the building (regardless of the McDonalds letting) needed to be resolved. It was agreed that the Principal Asset Manager would circulate a briefing note regarding draft Heads of Terms (to be prepared during the coming weeks) to members of the Sub-Committee and that a meeting would be arranged (the formalities of which to be advised) to enable those Councillors to comment. However, it was clarified that authority to sign off the Heads of Terms rested with Officers.

Arising from the previous meeting, it was confirmed that proposals for the lease of the Workary had been accepted.

Details of a vacated unit and the termination of a lease were reported. The Principal Asset Manager requested details of issues raised at the meeting regarding the marketing of vacant units.

Village Health Club, Caterham on the Hill

It was confirmed that a £197k grant from Sport England's Swimming Pool Fund would be paid to Freedom Leisure to offset increased energy costs.

Council Offices, Oxted

Local agents had been instructed to market surplus space.

Rising 11.07 am