

**INVESTMENT BOARD held at COUNCIL CHAMBER - COUNCIL OFFICES,
LONDON ROAD, SAFFRON WALDEN, CB11 4ER, on TUESDAY, 20
DECEMBER 2022 at 6.00 pm**

Present: Councillor N Reeve (Chair)
Councillors G Bagnall, N Hargreaves, A Khan, P Lavelle,
J Lodge, R Pavitt and G Sell

Officers in attendance: A Webb (Director – Finance and Corporate Services) and
C Gibson (Democratic Services Officer)

Ind. Member: R White.

IB6 APOLOGIES FOR ABSENCE AND DECLARATIONS OF INTEREST

The Chair opened the meeting and welcomed all Members to the first in-person meeting held since the pandemic. In response to various comments from Members, he accepted that, from a governance and risk assessment viewpoint, meetings of the Investment Board should have been held quarterly as previously agreed. The Director of Finance and Corporate Services outlined the various timing issues that arose in terms of when valuations were being received.

Apologies for absence were received from Councillors Criscione, LeCount and De Vries.

There were no declarations of interest.

IB7 MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 29 June 2022 were approved.

IB8 UDC PROPERTY PORTFOLIO Q1 & Q2 2022/23 REPORT

The Director of Finance and Corporate Services presented the Property Portfolio Q1 and Q2 report of 2022/23. The report covered two quarters, as there had been delays in the revaluation of the vacant building plots at Chesterford Research Park (CRP).

He said that all information in the risk assessment was in respect of the September 2022 positions. He outlined the CRP valuation as at September 2022 and said that all December 2022 valuations were likely to dip following the September 2022 mini-budget but that the market was settling down again. He said that the yield had increased to 5.21%, as a result of an uplift in the rent from Waitrose at Chorley.

Members discussed:

- Terminology used in respect of yield figures and a request to show the net contribution sum being made to Council income after all the costs had been taken out. The Independent Member gave a clear explanation as to how the Investment Board should be assessing the Council's assets in light of the various terminologies. It was agreed that in future a "crib sheet" would be included that explained all key terminology and that this would ensure transparency.
- The CRP valuation in September 2022. The Director of Finance and Corporate Services explained that the three negative valuations had occurred as there had been a re-tender of the park operator and that as a result more monies were being paid out to Cushmans for service charges. He agreed that a note should be included to explain these negative valuations.
- The fluctuating cost of borrowing. The Director of Finance and Corporate Services said that he would look in future to give Members a greater feel as to what had been happening in respect of borrowing costs.
- The increased income from Waitrose at Chorley; this had come about because of a five year rent review and reflected the fact that the local market area had widened.
- The valuation for Nucleus that was showing at minus £5.3m in September 2022; the Director of Finance and Corporate Services said that we would be looking at a similar valuation for December 2022. He also stated that use of the facility was being made for events such as weddings and long service awards.
- Capital values; the Director of Finance and Corporate Services said that the only asset that had reduced in value was Skyway House, Takeley and that this possibility had always been recognised at the time of the investment.
- The Risk Register; Members were generally comfortable with the register. The Director of Finance and Corporate Services said that an additional note would be added to explain why the impact on tenant default had reduced to a rating of 3. This was because monies had been put aside to offset amongst other things the risk of rent default.
- The financing arrangements, particularly the borrowing rates from other local authorities. The Director of Finance and Corporate Services said that the Council had borrowed in advance of need in September 2022 and that this had provided protection until June 2023. Rates of borrowing between local authorities was currently around 3.75% and that he had modelled a borrowing figure of 4% into the budget. He said that interest rates were predicted to peak in Summer 2023.
- The Tewkesbury acquisition, where it was stated that the valuation on completion would increase significantly.

Members noted the report.

IB9

COMMERCIAL STRATEGY 2023 - 2028

The Chair introduced the item. He said that the update had followed a robust discussion a year ago and he outlined changes made, particularly relating to the Vision statement in Paragraph 4.

The Director of Finance and Corporate Services outlined his report which was the first draft of the Commercial Strategy 2023 – 2028 for consideration by the Board. He explained the logic behind the proposed changes to the Vision statement and that the various other changes largely related to updated positions on each investment in the portfolio.

Members discussed:

- Possible governance concerns, in that the strategy document had not shown changes made since the previous strategy document had been agreed.
- The adequacy of Paragraphs 1 – 3 of the Introduction as to whether enough scene setting background information had been included.
- The lack of reference to ethical issues; the Chair pointed out that there was an Ethical Investment Policy in place.
- The reference in Paragraph 37 to the likelihood of the Council needing to sell any assets to enable future balanced budgets to be set.

The Chair was unable to get agreement to support the document as various Members considered that they needed to see exactly what changes had been made since the previous Commercial Strategy had been agreed.

The Director of Finance and Corporate Services said he could circulate appropriate documents to all Members that would ensure the changes had been highlighted and that this item would then need to be brought back to a further meeting of the Investment Board, early in the new year.

This way forward was agreed.

The Chair thanked the Director of Finance and Corporate Services and the Independent Member for their significant input to the meeting.

Meeting closed at 7.30 pm