

Property Investment Advisory Board

Terms of Reference

Membership: (Proposed 2019)

- Portfolio Holder for Finance, Assets & Commercial Services (Chairman)
- Portfolio Holder for Place Shaping¹
- Portfolio Holder for Housing²
- Non-Executive Councillor
- Non-Executive Councillor

Membership: (Current, agreed 2018)

- *Portfolio Holder for Finance and Property (Chairman)*
- *One other Executive Member*
- *Non-Executive Councillor*
- *Non-Executive Councillor*
- *Non-Executive Councillor*
- *Non-Executive Councillor*

Membership: (establishment - 2016)

- *Leader of the Council*
- *Deputy Leader of the Council*
- *Portfolio Holder for Finance*
- *Portfolio Holder for Economic Development*
- *Non-Executive Councillor*

The Property Investment Advisory Board (“PIAB”) will be supported and advised by the following officers of the council:

- Strategic Director
- Head of Finance & Property
- Democratic Services Manager
- Borough Solicitor or Deputy Solicitor
- [Estates and Valuation Manager]

The PIAB will be supported and advised as required by other officers of the council, and by external professional advisors commissioned by the PIAB when deemed

¹ Includes Economic Developments and LEP liaison

² Includes Housing Delivery & Operations

necessary in relation to specific investment proposals and/or its commercial and investment strategies.

1. Scope

The Property Investment Advisory Board (“PIAB”) has been established to consider all significant Council property investment activity including, but not limited to:

- 1.1 the acquisition and development of General Fund property and land; and
- 1.2 the identification of opportunities to maximise the return or value of existing Council-owned assets, including disposals.

2. Strategic approach

The Council’s strategic approach to investment is based on:

- allocation of the Council’s cash reserves and balances to create a Property Investment Fund (“PIF”);
- use of the PIF and, when necessary and desirable, borrowed funds to fund property investments to increase the General Fund Property Portfolio (“GFPP”) **as a source of revenue to support the delivery of the Corporate plan**: ~~generate additional income for the Council for the delivery of functions and services~~; *Note: legal advice says the GF budget gap is not strong enough justification for borrowing for purely investment income.*
- investment in high-quality properties to strong covenants that maintain an adequately diversified GFPP so that the additional income generated is achieved in return for an acceptable level of risk;
- investment in properties that have the potential to support economic growth in the Borough and the Council’s corporate priorities;
- investment, where appropriate, to improve existing or newly-acquired GFPP assets to enhance future income generation; and
- disposal, when appropriate, of existing GFPP assets to generate funds for re-investment.

3. Responsibility

- 3.1 The PIAB is responsible for recommending to the Executive that an investment proposal should be approved. The Executive is solely responsible for deciding whether to approve the proposal **(subject to delegated authority of £10m per acquisition, otherwise it is a council decision)** and to authorise officers to conduct due diligence and, if satisfactory, proceed to completion.

4. Function

- 4.1 The PIAB will consider all investment proposals submitted by [the Estates Team] that comply with the principles set out in paragraph 4 of the Property Investment Strategy (“the Strategy”) and meet the criteria set out in paragraph 6 of the Strategy. The PIAB will review each proposal in respect of each of the criteria to decide if the business case in favour of investment is sufficiently strong.

4.2 The PIAB will also consider proposals submitted by [the Estates Team] for the disposal of GFPP assets.

5. Tests

Before deciding to recommend to the Executive that an investment proposal or disposal should be approved, the PIAB must satisfy itself that:

- **The investment is in line with the Council's strategies and specific underlying justification including the legal powers being relied upon to support the investment;**
- it has properly considered advice from its professional advisors, whether internal or external;
- the business case is sufficiently strong;
- the investment or disposal is within the Council's legal powers;
- the investment or disposal is reasonable;
- proper consideration has been to the balance between risk and reward;
- making the investment or disposal would not be a breach of the Council's fiduciary duty;
- making the investment or disposal will represent value for money; and
- the proposed funding method provides the best value for money after considering all relevant financial considerations, including taxation.

6. Use of funds

6.1 The PIAB is entitled to recommend the use of the PIF to meet:

- initial revenue costs of appropriate initiatives that deliver income in the longer term, and
- the cost of external professional advice including property, legal, financial, and taxation advice.

6.2 The PIAB may also make or consider proposals to supplement the use of the PIF with funding from other internal or external sources.

7. Meetings and reports

7.1 The PIAB will have scheduled meetings on a quarterly basis with further meetings arranged as required to consider investment proposals promptly or when required for other purposes. Meetings may be cancelled if there are no items to be discussed.

7.2 The quorum for a meeting of the PIAB is three members of which one must be the Portfolio Holder for Finance, Assets and Commercial Services or their appointed deputy.

7.3 The Chairman will approve the agenda for each meeting. The agenda and papers for consideration must be circulated at least two working days before the meeting. After each meeting, the Chairman will approve the meeting notes and the actions agreed

7.4 The PIAB will receive quarterly Performance Reports in respect of recently acquired properties and the GFPP as a whole in accordance with section 11 of the Property Strategy.

7.5 The PIAB will receive reports twice a year regarding the status of the PIF.

8. **Review of Terms of Reference**

The PIAB will review its Terms of Reference annually.