

Thurrock: An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future

Investment Advisory Panel

The meeting will be held at **7.00 pm** on **27 February 2024**

Committee Room 2, Civic Offices, New Road, Grays, Essex, RM17 6SL

Membership:

Councillors Alex Anderson, Mark Hooper, Steve Liddiard, Fraser Massey, Elizabeth Rigby, Graham Snell and Lee Watson

Substitutes:

Councillors Jack Duffin

Agenda

Open to Public and Press

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Exclusion of Public and Press

Members are asked to consider whether the press and public should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purpose of section 100A (2) of that Act.

In each case, Members are asked to decide whether, in all the circumstances, the public interest in monitoring the exemption (and discussing the matter in private) outweighs the public interest in disclosing the information.

9 Asset Disposal Programme Update

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Queries regarding this Agenda or notification of apologies:

Please contact Rhiannon.Whiteley@thurrock.gov.uk by sending an email to

Agenda published on: **19 February 2024**

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DECLARING INTERESTS FLOWCHART – QUESTIONS TO ASK YOURSELF

Breaching those parts identified as a pecuniary interest is potentially a criminal offence

Helpful Reminders for Members

- *Is your register of interests up to date?*
- *In particular have you declared to the Monitoring Officer all disclosable pecuniary interests?*
- *Have you checked the register to ensure that they have been recorded correctly?*

When should you declare an interest *at a meeting*?

- **What matters are being discussed at the meeting?** (including Council, Cabinet, Committees, Subs, Joint Committees and Joint Subs); or
- If you are a Cabinet Member making decisions other than in Cabinet **what matter is before you for single member decision?**



Does the business to be transacted at the meeting

- relate to; or
- likely to affect

any of your registered interests and in particular any of your Disclosable Pecuniary Interests?

Disclosable Pecuniary Interests shall include your interests or those of:

- your spouse or civil partner's
- a person you are living with as husband/ wife
- a person you are living with as if you were civil partners

where you are aware that this other person has the interest.

A detailed description of a disclosable pecuniary interest is included in the Members Code of Conduct at Chapter 7 of the Constitution. **Please seek advice from the Monitoring Officer about disclosable pecuniary interests.**

What is a Non-Pecuniary interest? – this is an interest which is not pecuniary (as defined) but is nonetheless so significant that a member of the public with knowledge of the relevant facts, would reasonably regard to be so significant that it would materially impact upon your judgement of the public interest.

Pecuniary

If the interest is not already in the register you must (unless the interest has been agreed by the Monitoring Officer to be sensitive) disclose the existence and nature of the interest to the meeting

If the Interest is not entered in the register and is not the subject of a pending notification you must within 28 days notify the Monitoring Officer of the interest for inclusion in the register

Unless you have received dispensation upon previous application from the Monitoring Officer, you must:

- Not participate or participate further in any discussion of the matter at a meeting;
- Not participate in any vote or further vote taken at the meeting; and
- leave the room while the item is being considered/voted upon

If you are a Cabinet Member you may make arrangements for the matter to be dealt with by a third person but take no further steps

Non-pecuniary

Declare the nature and extent of your interest including enough detail to allow a member of the public to understand its nature



You may participate and vote in the usual way but you should seek advice on Predetermination and Bias from the Monitoring Officer.

Our Vision and Priorities for Thurrock

An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future.

1. **People** – a borough where people of all ages are proud to work and play, live and stay
 - High quality, consistent and accessible public services which are right first time
 - Build on our partnerships with statutory, community, voluntary and faith groups to work together to improve health and wellbeing
 - Communities are empowered to make choices and be safer and stronger together

2. **Place** – a heritage-rich borough which is ambitious for its future
 - Roads, houses and public spaces that connect people and places
 - Clean environments that everyone has reason to take pride in
 - Fewer public buildings with better services

3. **Prosperity** – a borough which enables everyone to achieve their aspirations
 - Attractive opportunities for businesses and investors to enhance the local economy
 - Vocational and academic education, skills and job opportunities for all
 - Commercial, entrepreneurial and connected public services

Minutes of the Meeting of the Investment Advisory Panel held on 31 October 2023 at 7.00 pm

Present: Councillors Alex Anderson, Mark Hooper, Steve Liddiard, Fraser Massey, Elizabeth Rigby, Graham Snell and Lee Watson (Chair)

Apologies:

In attendance:

Mark Bowen, Interim Project Lead - Legal/ Deputy Monitoring Officer
Mark Bradbury, Interim Director of Place
Steven Mair, Interim Chief Financial Officer/Section 151 Officer
Rhiannon Whiteley, Senior Democratic Services Officer

1. Apologies

2. Items of Urgent Business

The Chair agreed as it was the first Investment Advisory Panel Meeting, to hear as an urgent item of business an introduction to the Committee from Officers followed by a question and answer session from Members.

The Deputy Monitoring Officer explained that it was noted by Commissioners that there was no Investment Committee at Thurrock Borough Council. The way the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended) is set up, the majority of investment functions are executive/cabinet side functions. Therefore, that ruled out the General Services Committee acting as an Investment Committee and the desire to have a mix of cabinet/non- cabinet members sitting ruled out scrutiny. The Local Government Act 1972 act allows advisory committees to be set up. Advisory Committees are not a decision-making body but can keep an overview of investment activity and where necessary give advice to the Cabinet. It can also include Co-opted members who can provide specialist advice and expertise. Therefore, an advisory committee was considered the best starting point for members to drive the agenda and to ensure proper decision making.

Councillor Anderson stated that it was a good idea to have external experts, talent doesn't exist in the Council to publicly scrutinise as members are not experts.

Councillor Watson raised that the first meeting should have taken place in July, some work has now gone through Cabinet and Full Council regarding the first tranche of properties to be sold. Councillor Watson queried when the second tranche are due to come.

The S151 Officer confirmed that this was correct but the reports were taken to Cabinet and Full Council for transparency and the decisions could have been made without this. The S151 Officer stated that moving forward a half year Treasury Management report will be available. It is a useful document to be brought to the next meeting and Members should be receiving monitoring advice on how the investments are performing. There is a pace issue as the sooner the Council can divest the better as it can pay down the debt and reduce interest. The Council are using outside experts Stanhope, they could be invited to attend the next Investment Advisory Panel meeting.

Councillor Rigby arrived at 19.08

Councillor Snell raised that the objective of the Investment Advisory Panel is to advise and the purpose of the S114 is to divest, he queried what advice they can give other than not to do it.

The S151 Officer responded that the Investment Advisory Panel acts as a check and balance. It is better that members are informed, that is part of good governance. The Council has lots of investments and should be receiving monitoring information regularly.

The Interim Director of Place stated that there was a question over whether the disposal of property is relevant to the Investment Advisory Panel unless it is an asset that is producing income it will need to be worked out if it is better to keep. Thurrock Council has not had an active property strategy. The disposals report already goes to FRB, IRB and probably Cabinet.

Members agreed it would be useful to know the return on investments even if the intention will still be to dispose to reduce the debt. If in the future when the debt is reduced and reduction of debt is not the driving force the Council may have a property investment.

Councillor Snell queried if any properties bring in over 12%.

The Interim Director of Place responded that out of the properties brought forward, none brought in over 12%. The Interim Director of Place summarised that in the short-term Thurrock Borough Council will be a divestor of property and not an investor due to the current financial position.

Councillor Snell agreed there was no point bringing properties to be divested through the Investment Advisory Panel as they already go through three different boards.

Councillor Massey agreed an overall report would be helpful but it is not necessary to have them all in detail.

The Interim Director of Place confirmed a schedule of properties will be published in the future with some exempt information which may not be published. The Interim Director of Place clarified that an annual update as to how remaining income streams are performing might be useful and how the Council is managing those assets.

Councillor Watson agreed with the Interim Director of Place and queried if a full asset register was in existence.

The Interim Director of Place confirmed that a better one is now in place but he would be hesitant in confirming it is a full register yet. The Interim Director of Place confirmed that the Council has not in the past regularly assessed the yield and net yield.

3. Declarations of Interest

No interests were declared.

4. Financial Strategy - Report to Follow

The S151 Officer introduced the Council's Financial Strategy report which has superseded the Investment Portfolio update report in the July agenda. The S151 Officer explained that the financial strategy is set out at paragraph 1.2. A paper will be brought through Overview and Scrutiny in February regarding the Capital programme and progress on obtaining circa 150 million pounds of capital receipts. The Divestments are covered in paragraph 4.4 of the report. The S151 Officer confirmed that the CCLA investment was a traditional Local Authority investment. 100 million pounds had been invested, reports are due in the second week of February, on the last check the investment was around 80 million, it will not be 100 million pounds but it will help pay down the Council's debt.

The S151 Officer confirmed there will be a new set of auditors from 2023/24 as BDO cease to be effective once the accounts are completed for 2022/23. The S151 Officer confirmed for the time being they are focussing on the larger investments over the smaller ones.

Councillor Massey queried if there was a link between JLG and PWE as they had a similar business model.

The S151 Officer responded that he was not aware but he could find out. Councillor Massey queried how many investors there were in PWE apart from Thurrock.

The S151 Officer confirmed he did not have that information but could find out and report it back to Committee.

Councillor Massey queried Safe as Houses, the S151 Officer stated that this one had been parked slightly whilst they focussed on Toucan but he will obtain an update.

Councillor Watson noted that for CCLA there had been a loss of 6-7 million already, she queried if it is likely to devalue further.

The S151 Officer confirmed a decision is made at a point in time and you get the value at the time of disposal. The market fluctuates, if sold in the past it might have made a profit. If valued on 31 January, it will be received about a week after.

The Deputy Monitoring Officer confirmed that if there is a shortfall of recovery they are looking as to whether any individuals will be accountable. Five Letters before Action have been served. By the latter part of January, officers will be able to provide more information to Members on this. King's Counsel will be instructed to advise and complete a cost / benefit analysis. The one certainty of litigation is the uncertainty. Mediation may be better as the money will be received quicker; litigation is not a quick solution. The pre-action work takes 6-9 months, then there will be court hearings and it will depend when there is sufficient court time. The Administrators have remedies too and a duty to investigate Director's conduct. Administrators have a right to interview and to access documents.

Councillor Massey highlighted the importance of the accounts being completed.

The S151 Officer confirmed there is a push to get the accounts of Councils in financial difficulty completed first. It is a nationwide issue and only five Councils in the UK met their statutory deadline. The S151 officer confirmed the new auditors will be Ernst and Young.

5. Work Programme

Councillor Watson raised that the Interim Director of Place should bring back an annual income report update to the meeting on 27 February 2023. The half yearly Treasury Monitoring Report from the S151 Officer should be brought to the next meeting.

Councillor Massey queried whether any independent experts could attend future meetings. The S151 Officer confirmed that they are working with outside experts who are advising on the sale of investments and they could be invited to attend the next meeting.

The Interim Project Lead for Legal should provide the panel with an update on litigation matters at the next meeting in the New Year.

The meeting finished at 8.10 pm

Approved as a true and correct record

CHAIR

DATE

**Any queries regarding these Minutes, please contact
Democratic Services at Direct.Democracy@thurrock.gov.uk**

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Lettings, Lease Renewals and Rent Reviews

Update as at end Jan 2024

Key Headlines – December 2023

- Budget £3.5M
- 10% Increase target £350k

- 52 activities completed
- Additional annualised income £836k (full benefit 2024/25)
- Apportioned over 2023/24 £577k (up to March 2024)
- Apportioned impact of disposals (£27k)
- Net increase £550k

- Excess over target £200k

Financial Break Down

Report Date : DECEMBER 2023

		Forecast		Actual YTD	
Baseline	Baseline Income Forecast 2023/24	£	3,528,076	Stretch target	
	Income from Council owned assets - Delivered by the Council Property Team	£	1,926,240		
	Income from Council owned assets - Delivered by Kemsley LLP	£	1,251,158	£	3,177,398
	Income shortfall	£	350,678		
	Number of Assets			530	
2023/4					
	Capital Receipt (sale of 18 assets)	£	42,769,000	£	7,000,000
	Additional Income (annualised)	£	927,500	£	835,500
	Additional Income 2023/24 (apportioned for the year. 52 lease renewals)	£	606,250	£	577,000
	Loss of Income due to Asset Disposals (apportioned for the year)	£	62,905	£	26,667
	Net Income (additional apportioned income - loss of income from sales)	£	543,345	£	550,333
	NET Uplift (Net income - income shortfall)	£	192,667	£	199,655
TOTAL: Income for the Year (Budget forecast)	£	3,720,743	£	3,727,731	

Forecast – End March 2024

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- Budget £3.5M
- 10% increase target £350k

- 68 Lease activities
- Additional annualised income £1,013k (full benefit 2024/25)
- Apportioned over 2023/24 £639k (up to March 2024)
- Apportioned impact of Disposals (£63k)
- Net increase £576k

- Excess over target 2023/24 £226k

**Investment Advisory Panel
Work Programme 2023/24**

Topic	Lead Officer	Link to Terms of Reference
12 July 2023 – 5pm (Postponed)		
Standing Item: Overview of Investment Portfolio	Section 151 Officer/ CFO / Lead Legal Officer	<ul style="list-style-type: none"> • Monitoring the financial position of the council's investments and borrowings and to make recommendations to the Leader /Council. • Receive updates on divestment activity • Receive updates on relevant legal issues
Disposal Programme – Overview		<ul style="list-style-type: none"> • Receiving reports on and reviewing the Councils disposal programme and making recommendations to the Leader relevant Portfolio Holder or an officer acting under delegated powers. • Reviewing the performance of the Council's property assets including any income generated and making recommendations to the Leader relevant Portfolio

		Holder or an officer acting under delegated powers
31 October 2023 – 7pm		
Financial Strategy Update Report	Section 151 Officer	
Disposal Programme Update	Director of Place	<ul style="list-style-type: none"> • Receiving reports on and reviewing the Councils disposal programme and making recommendations to the Leader relevant Portfolio Holder or an officer acting under delegated powers. • Reviewing the performance of the Council's property assets including any income generated and making recommendations to the Leader relevant Portfolio Holder or an officer acting under delegated powers
Legal Recovery - Verbal Update	Interim Project Lead – Legal	<ul style="list-style-type: none"> •
28 November 2023 – 7pm (Cancelled)		
Quarterly Report: Reviewing the performance, effectiveness and efficiency of the Council's income generating and sold services.	Section 151 Officer	<ul style="list-style-type: none"> • Receiving regular reports on and reviewing the performance, effectiveness and efficiency of the Council's income generating and sold services and making recommendations to the Leader relevant Portfolio Holder or an officer acting under delegated

		powers on all options including but not limited to change, improvement or discontinuance of any of those services.
Disposal Programme – update	Director of Place	<ul style="list-style-type: none"> • Receiving reports on and reviewing the Councils disposal programme and making recommendations to the Leader relevant Portfolio Holder or an officer acting under delegated powers. • Reviewing the performance of the Council's property assets including any income generated and making recommendations to the Leader relevant Portfolio Holder or an officer acting under delegated powers
27 February 2024 – 7pm		
Quarterly Report: Reviewing the performance, effectiveness and efficiency of the Council's income generating and sold services.	Section 151 Officer	<ul style="list-style-type: none"> • Receiving regular reports on and reviewing the performance, effectiveness and efficiency of the Council's income generating and sold services and making recommendations to the Leader relevant Portfolio Holder or an officer acting under delegated powers on all options including but not limited to change, improvement or discontinuance of any of those services.

Disposal Programme – update	Director of Place	<ul style="list-style-type: none"> • Receiving reports on and reviewing the Councils disposal programme and making recommendations to the Leader relevant Portfolio Holder or an officer acting under delegated powers. • Reviewing the performance of the Council's property assets including any income generated and making recommendations to the Leader relevant Portfolio Holder or an officer acting under delegated powers
Treasury Management Half Year Report	S151 Officer	
Legal Recovery - Verbal Update	Interim Project Lead – Legal	

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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