

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

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**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

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### 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**

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Democratic Services at [Direct.Democracy@thurrock.gov.uk](mailto:Direct.Democracy@thurrock.gov.uk)**