

Part A

Report to: Cabinet

Date of meeting: Monday, 4 March 2024

Report author: Group Head of Democracy and Governance

Title: Property Investment Board Terms of Reference

1.0 Summary

1.1 Property Investment Board at its meeting on 14 February 2024 asked officers to bring a report to Cabinet to update the Board's Terms of Reference as a result of government guidance changes made since the original terms were agreed in 2016.

1.2 Attached at appendix B is a revised Terms of Reference.

2.0 Risks

2.1

Nature of risk	Consequence	Suggested Control Measures	Response (treat, tolerate, terminate or transfer)	Risk Rating (combination of severity and likelihood)
Legal: The amendments are not agreed	The Board makes a decision that breaches guidance on borrowing and the council is unable to access PWLB funds	The amended terms are agreed	Treat	2

3.0 Recommendations

3.1 That the Terms of Reference set out in Appendix B are approved.

Further information:

Carol Chen
carol.chen@watford.gov.uk
Tel: 01923 278350

Report approved by: Donna Nolan

4.0 Detailed proposal

- 4.1 Property Investment Board was established by Cabinet in 2016 to provide member oversight of the council's property investment portfolio. Terms of Reference as agreed at that time are attached as appendix A.
- 4.2 Since 2016 Government has become increasingly concerned about councils entering the commercial property market, and, in particular, using funds borrowed from the Public Works Loan Board (PWLB) to purchase property for pure investment purposes. The high-profile failures of some councils in their investment choices have led the Government to introduce rules prohibiting councils from borrowing from the PWLB to purchase property purely for investment purposes. Whilst councils can keep their existing portfolios and borrow to maintain the assets within them, councils can now only borrow for regeneration purposes, social housing, or capital projects. Even if the council recycles its own money to purchase an investment property and does not use borrowing, if it subsequently wishes to borrow for any purpose which is otherwise permitted from the PWLB it is prevented from doing so.
- 4.3 In the light of these changes Property Investment Board at its meeting on 14 February asked officers to bring to Cabinet a revised Terms of Reference. This is attached at appendix B. The proposed changes are as follows:
Points c and i are deleted and replaced with "have regard to the risks associated with the Investment Portfolio and take action to ameliorate those risks as necessary"
Amend point d to say "maximise as far as possible investment revenue"
Amend point e to remove the words "are enabling a rebalancing of uses away from a reliance on retail"
Amend point g to read "make decisions regarding acquisitions or disposals having regard to government guidance, having regard to the overall objectives of the Investment Portfolio."
Delete point h.
Cabinet is asked to approve the amended Terms of Reference.

5.0 Implications

5.1 Financial

- 5.1.1 The Chief Finance Officer comments that the revised terms of reference reflect the current regulatory environment whilst continuing to enable the Board to actively manage the commercial investment portfolio and the associated risks.

5.2 Legal Issues (Monitoring Officer)

- 5.2.1 The Group Head of Democracy and Governance comments that amending the Terms of Reference will better reflect government guidance.

5.3 Equalities, Human Rights and Data Protection

5.3.1 Having had regard to the council's obligations under s149, it is considered there are no equalities implications.

5.4 Staffing

5.4.1 None

5.5 Accommodation

5.5.1 None

5.6 Community Safety/Crime and Disorder

5.6.1 None

5.7 Sustainability

5.7.1 None

Appendices

- Appendix A Property Investment Board current Terms of Reference
- Appendix B Property Investment Board revised Terms of Reference

Background papers

No papers were used in the preparation of this report.