Appendix 2

Investment Panel

Terms of Reference

Background
On 14 October 2016, Cabinet agreed a new Investment and Acquisition Strategy (IAS) alongside an initial £250m investment budget and £100m land and property acquisition budget. To implement the Investment and Acquisition Strategy, the advisory Investment Panel was constituted by the Chief Operating Officer under her delegated powers to manage the Council’s investments. The Investment Panel is comprised of senior officers, legal and technical advisers, and is tasked with advising the Chief Operating with managing an investment portfolio to deliver a target net income of c£5m per annum by 2020, by appraising individual investment decisions and development schemes and making recommendations to the Chief Operating Officer or Cabinet as appropriate.

The Function of the Investment Panel

- To consider, appraise and advise the Chief Operating Officer and Cabinet (as appropriate) in respect of investment decisions, including the acquisition and development of new and existing assets, where these contribute to achieving the target net income objectives of the IAS.

- To proactively monitor the Council’s investment portfolio and make appropriate recommendations in order to maximize value from it. To enhance the investment portfolio’s performance in terms of increased returns and/or reduced risks.

- To assess individual proposals for investment funding proposed by Be First or pre-approved by Cabinet as part of a rolling pipeline of investments in accordance with the Council’s Constitution and best practice on investment decisions (and more specifically in accordance with the Council’s ‘Land and Property Acquisitions Decision Framework’ and ‘Property Acquisition’ Framework).

- To make recommendations as to whether to approve or reject any individual scheme, following appropriate financial appraisals, technical and legal advice, in compliance with the Council’s Constitution and the frameworks above. For clarity, the Panel can also refer individual investment schemes or decisions onwards to Cabinet for decision if deemed necessary due to the decisions being a key decision or otherwise significant in terms of scale, funding, risks or anticipated returns or any other material factors which necessitate scrutiny by Cabinet. Proposals that are outside of the remit of the Chief Operating Officer, advised by the Investment Panel, will be referred to Cabinet for decision if the scheme is considered capable of meeting wider Council objectives.

- To ensure that the Panel’s recommendations are robust in terms of generating acceptable return/s on the investment on all schemes/programmed/projects.
Role of the Investment Panel

The role of the Investment Panel is to:

To monitor, review, assess, advise and make recommendations for Chief Operating Officer or Cabinet approval (where appropriate) on individual investment decisions in accordance with the Investment and Acquisition Strategy. To consider requirements of schemes and advise in relation to:

- Borrowing requirements, both in terms of the development period and long term operational financing requirements or options
- Proposed tenure and uses, including (without limitation) residential, commercial, retail and industrial uses
- Scheme Costs including on-costs (construction, development and operational)
- Capital/Revenue surpluses/subsidy implications per scheme and overall programme
- Impact on the Investment Portfolio’s and the Council’s overall financial position, contribution to expected returns and exposure to risk, including (without limitation) regular oversight of the Council’s gearing and debt to asset ratio over relevant development periods
- Strategic importance of individual investment decisions and conformity with the Council’s investment and wider regeneration strategies

Core Membership

The Investment Panel shall be comprised of:

- Claire Symonds, Chief Operating Officer (Chair)
- John East, Strategic Director Growth and Homes
- Andrew Sivess, Head of Assets and Investment
- Kathy Freeman, Director of Finance
- David Dickenson, Group Manager Treasury and Pensions
- Lee Watson, Project Manager (Panel Secretary)

Advisors

- Internal Legal Adviser (for the time being Suzan Yildiz, Deputy Head of Legal Services)
- Independent Investment Advisor
- Project / Programme Specific Technical Advisors

The Panel shall comprise of not less than three members to enable meetings to proceed at any time. Panel members are appointed by the Chair and no Panel Members will be external. All members of the Panel shall have sufficient knowledge of the Council Vision and Regeneration Strategy.
Chair
The Chair shall convene the Investment Panel meetings.

If the designated Chair is not available, the Chair will nominate a person to chair the meeting. The Acting Chair is responsible for informing the Chair as to the decisions raised or agreed to at that meeting. The Acting Chair must be a member of the Panel.

Attendance at meetings
Only Panel members have the right to attend Panel meetings. Advisors and presenting officers shall generally be invited to attend (if they are not Panel members).

The Panel may invite external advisers and other attendees to attend meetings, where it considers appropriate subject to appropriate confidentiality and non-disclosure arrangements being put in place in advance of any meetings.

Agenda Items
All Investment Panel agenda items must be forwarded to the Project Manager by Close of Business seven (7) working days prior to the next scheduled meeting.

The Investment Panel agenda, with attached meeting papers will be distributed at least three (5) working days prior to the next scheduled meeting.

The Chair does have the right to refuse to list an item on the formal agenda, and members may raise an item under ‘Other Business’ if necessary and as time permits.

Minutes & Meeting Papers
The minutes of each Investment Panel meeting will be recorded and distributed by the Project Manager.

Full copies of the minutes, including attachments, shall be provided to all members once approval from the Chair.

Support
The Panel has access to the services of council officers and advisors for advice and to assist in the carrying out of its duties.

The Head of Asset and Investment along with the Group Manager of Treasury and Pension manage day to day activities in relation to the Council’s investment activities and provides support to assist the Panel in fulfilling its responsibilities under these Terms of Reference.

The Panel is authorised by the Council to investigate, or cause to be investigated, any activity within its terms of reference and to make appropriate recommendations as a result of any such investigations. In doing so, members of the Panel or presenting officers may seek such reasonable information as required from relevant employees or directors within the Council or the Council’s arm’s length companies, such as Be First and Reside, or from any agents working for and on behalf of the Council, to perform its functions, duties and responsibilities.

Responsibilities of the Panel
The Panel will have regard to other Council Boards and Panels. In particular, the Panel will liaise with:

(a) the Asset and Capital Board; and
(b) the Be First Programme Board
(c) the Shareholder Panel

Risk Framework

The Panel will ensure that:

- the Council has the appropriate plans and controls in place with the necessary resources and capability to manage the Investment Strategy.
- Risks are monitored and that an adequate risk register is maintained reviewed annually.

Philosophy and Investment Strategy

The Panel will ensure that:

- the Investment Strategy shall be reviewed annually and that the investment principles should be reviewed and approved by the Council regularly - (‘Investment Philosophy’).

The Panel will review quarterly reports on the investment strategies deployed. These reports should include:

i. Market Update;
ii. Strategy update;
iii. Cashflow monitoring;
iv. Budget monitoring;
v. Contractor Performance, and
vi. Updates on any specific programmed projects.

All investment proposals will be considered in the context of the Investment Philosophy, investment strategy and against the investment risk appetite.

Oversight of Asset Managers and other third parties involved in investment

The Panel will: -

- Review dis-investment/exit proposals for recommendation to Chief Operating Officer or to Cabinet.

- Review and advise as to the governance of the relationships between the Council, Be First and other external bodies; including contractual terms, fee structures and service level agreements and make appropriate recommendations as required. This should include periodic, risk-based confirmation that the contractual agreements or other relevant legal documentation governing such relationships are current and fit for purpose.

- Receive quarterly reports on performance of investments and recommend action on any material issues affecting investment operations and performance.
Reviewing Effectiveness

The Panel will review its effectiveness on an annual basis and assess whether it is fulfilling its obligations under these Terms of Reference, and make any necessary recommendations as to improving performance.

Frequency of Meetings

Monthly

Deputies to Meetings

Members of the Investment Panel shall nominate a deputy to attend a meeting if the member or adviser is unable to attend.

The Chair will be informed of the substitution at least one (1) working day prior to the scheduled nominated meeting.

The nominated deputy shall have voting rights at the attended meeting. The nominated deputy shall provide relevant comments/feedback, of the Project Board member they are representing, to the attended meeting.

Quorum Requirements

A minimum of three (3) Core Investment Panel members is required for the meeting to proceed and for recommendations or resolutions to be valid.