

20 FEBRUARY 2017

NEW FOREST DISTRICT COUNCIL

CABINET

Minutes of a meeting of the Cabinet held in the Council Chamber, Appletree Court, Lyndhurst on Monday, 20 February 2017

* Cllr B Rickman (Chairman)

* Cllr E J Heron (Vice-Chairman)

Councillors:

Mrs S V Beeton

* J E Binns

Councillors:

* Mrs J L Cleary

* J D Heron

*Present

In attendance:

Councillors:

Mrs D E Andrews

W G Andrews

P J Armstrong

Mrs S M Bennison

D A Britton

Mrs F Carpenter

Ms K V Crisell

Ms L C Ford

A T Glass

L E Harris

Councillors:

M R Harris

D Harrison

Mrs A J Hoare

A D O'Sullivan

D M S Poole

M A Steele

D N Tungate

Mrs C V Ward

M L White

C A Wise

Officers Attending:

R Jackson, Miss G O'Rourke, C Read, A Bethune, A Smith, Ms M Stephens and D Willis

Apologies:

Apologies for absence were received from Cllr Beeton.

60 DECLARATIONS OF INTEREST

No declarations of interest were made by any member in connection with an agenda item.

61 PUBLIC PARTICIPATION

No issues were raised in the public participation period.

62 ASSET INVESTMENT STRATEGY

The Cabinet recalled that on 4 January 2017 (minute 48 refers) they had agreed in principle that the Council should invest in commercial property and that an Investment Strategy should be prepared. Subsequent to that meeting a task and finish group had been established to review and approve the draft Strategy.

It was important that the Council sought additional sources of income to meet its aspiration of becoming increasingly independent of government funding while continuing to facilitate the economic growth of the area. The Investments held by the Council currently overall achieved a return of 0.85%; with the small element that was in a pooled property and equity fund achieving a return of 5.35%. Experience at other authorities suggested that a return of 5 – 7% could be achieved from commercial property investments of the type now under consideration. Set against this would be the cost of the capital used to acquire the properties.

It was estimated that the level of usable reserves in the General Fund currently stood at £18 million. Until these funds were needed for the purpose for which they had been earmarked originally, or interest levels through the Public Works Loans Board reached a defined threshold, these reserves could be used to fund the investment strategy.

The Council's agreed treasury management prudential indicators currently imposed a limit of £30 million on external debt in addition to the loan of £144 million for the Housing Revenue Account resettlement. This might need to be adjusted to allow for the additional investments. It was suggested that an investment portfolio in the region of £30 million would give a reasonable balance of risk versus reward. There would also need to be an additional revenue budget of £100,000 per annum to support the investment strategy. This would include funding for the additional staffing resource needed to develop and manage the portfolio of properties.

RECOMMENDED:

- (a) That the Asset Investment Strategy attached to Report Item 3 considered by the Cabinet be approved;**
- (b) That the proposed level of investment and the additional budgetary and staffing requirements as set out in the Strategy and Report Item 3 considered by the Cabinet be approved;**
- (c) That the following delegation of powers be approved to make purchases and investments in accordance with the provisions of the Strategy:**
 - (i) That the Chief Executive, the Executive Head Governance and Regulation, and the S151 Officer, in consultation with the Portfolio Holder for Finance and Efficiency and the Chairman of the Corporate Overview and Scrutiny Panel, shall have authority to make asset purchases and investments up to £5million;**
 - (ii) The Cabinet shall have authority to make asset purchases and investments above £5 million.**

- (d) *That a Property Investment Panel be constituted, consisting of the Finance and Efficiency Portfolio Holder, the Chairman of the Corporate Overview and Scrutiny Panel, the Chief Executive, the Executive Head Governance and Regulation, and the S151 Officer, for the purposes set out Report Item 3 considered by the Cabinet.*

CHAIRMAN