

## TRAFFORD COUNCIL

**Report to:** Council  
**Date:** 28 November 2018  
**Report for:** Decision  
**Report of:** Corporate Director of Place

### Investment Management Board Terms of Reference

#### Summary

This report sets out proposals for changes to the Terms of Reference for the Investment Management Board.

#### Recommendations

That the Council:

1. Approves the revised Terms of Reference for the Investment Management Board.

#### Contact person for access to background papers and further information:

Name: Richard Roe  
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Background Papers: None

#### *Implications:*

Relationship to Policy Framework/Corporate Priorities	Relates to the corporate priority for economic growth
Financial	No direct implications
Legal Implications	The IMB will need to ensure that in exercising its investment and borrowing functions that any actions are reasonable and proportionate and for proper purposes consistent with the Council's prudential regime and its Investment Strategy. The Board will also need to be mindful at all times of the council's fiduciary duties to ensure the sound management of the public finances.
Equality/Diversity Implications	No direct implications
Resource Implications e.g. Staffing / ICT / Assets	No direct implications
Risk Management Implications	No direct implications
Health & Wellbeing Implications	No direct implications
Health and Safety Implications	No direct implications

## 1.0 BACKGROUND

- 1.1 Following a report to Council in July 2017 the Investment Management Board (IMB) was established as a cross-party body responsible for overseeing the Council's investment activity and implementing the adopted investment strategy.
- 1.2 A review of the current terms of reference has been undertaken, alongside the revised Investment Strategy, and following the changed political make-up of the authority in May's elections. In summary, the main changes are:
- To add the Leader of the Green Party to the IMB
  - To add the Executive Member for Finance to the IMB
  - To remove the Corporate Director for Place as a voting member of the IMB (I will attend in an advisory capacity).
  - To add the Shadow Executive Member for Investment, Regeneration and Strategic Planning as being invited to attend in a non-voting capacity
  - To add to the responsibilities approval for the acquisition of land with development potential, and recommending for approval direct development on Council owned land.
- 1.3 The Investment Management Board's role is one of strategic direction and oversight of the Investment Strategy, including the approval of investment opportunities. It sets out the policies for the management of its investments ensuring priority is given firstly to the security of investments, followed by liquidity and then yield and should identify the procedures for monitoring, assessing and mitigating risk of loss of the invested sums. The Investment Management Board is responsible for ensuring the strategy is approved by full Council.
- 1.4 The Board will comprise of the following:
- The Leader of the Council (Chair)
  - The Leader of Conservative Party
  - The Leader of the Liberal Democrats Party
  - The Leader of the Green Party
  - The Executive Member for Investment, Regeneration and Strategic Planning
  - The Executive Member for Finance
  - The Chief Executive
- In addition, the Shadow Executive Member for Investment, Regeneration and Strategic Planning will be invited to attend meetings of the IMB as a non-voting member.
- The IMB will act under advisement from the Corporate Director for Place, Council's Monitoring Officer, the Corporate Director of Finance and Systems, and CBRE. Other officers and advisors will attend the IMB as appropriate.
- 1.5 The revised terms of reference are attached as Appendix A. It is proposed that these will be incorporated in Part 3 of the Constitution which sets out responsibilities for Council functions.

## Appendix A

### **Investment Management Board - Terms of Reference**

#### **Overview**

Trafford Council has proposed an approach to securing and developing investment opportunities which will deliver significant economic development and regeneration benefits for the area and/or generate sustainable income streams to support the Council's revenue budget in order to support and maintain the provision of services in future years.

Three reports have been presented to Executive in December 2016, February 2017 and July 2017. The latter report included a proposal to establish an Investment Management Board to oversee investment activity, alongside adjustments to Prudential Indicators and the Treasury Management Strategy to enable investment activity to be accelerated. An Investment Strategy was approved by the Council in February 2018, and an updated strategy agreed in October 2018.

CBRE have been appointed as the Council's investment advisors. They will assist the Council in reviewing and updating the Investment Strategy and will also identify investment opportunities aligned with the objectives and strategy, make recommendations for investments and undertake due diligence on any purchases.

The Investment Management Board will be responsible for approving new acquisitions and for overseeing the management of those acquisitions in future as part of managing the investment portfolio. The Terms of Reference are outlined below.

#### **Purpose**

The Investment Management Board's role is one of strategic direction and oversight of the Investment Strategy, including the approval of investment opportunities. It sets out the policies for the management of its investments ensuring priority is given firstly to the security of investments, followed by liquidity and then yield and should identify the procedures for monitoring, assessing and mitigating risk of loss of the invested sums. The Investment Management Board is responsible for ensuring the strategy is approved by full Council.

Officers are responsible for the operational implementation and execution of the Investment Strategy, which is approved annually by the Council, and updated more regularly if required to meet statutory or regulatory guidance.

#### **Governance/Membership**

The Board will comprise of the following:

- The Leader of the Council (Chair)
- The Leader of Conservative Party
- The Leader of the Liberal Democrats Party
- The Leader of the Green Party
- The Executive Member for Investment, Regeneration and Strategic Planning
- The Executive Member for Finance
- The Chief Executive

In addition, the Shadow Executive Member for Investment, Regeneration and Strategic Planning will be invited to attend meetings of the IMB as a non-voting member.

The IMB will act under advisement from the Corporate Director for Place, Council's Monitoring Officer, the Corporate Director of Finance and Systems, and CBRE. Other officers and advisors will attend the IMB as appropriate.

## **Attendance**

The Investment Management Board shall meet every quarter. Additional meetings can be called at the discretion of the Chair. Notice of meetings shall be given to all Board Members and to the Officers and external advisers forming the advisory panel will be invited to all meetings as appropriate. Attendance at meetings will usually be in person, although where this is not possible, attendance at meetings will be permitted where members or advisers 'attend' remotely by conference telephone or other virtual means.

The quorum for the IMB shall be three board members. All decisions shall be made on the basis of a simple majority of those in attendance whether in person or remotely.

Where a decision is required on whether to proceed with an investment, in advance of the next scheduled Board meeting, the investment proposals will be shared outside of the meeting and will be formally signed off at the next Board meeting. In particular, decisions as to whether to submit non-binding bids for acquisitions are often made at short notice and will require prompt decisions. In such cases the CBRE recommendation in a standard format will be circulated to the IMB by email for approval. Should a non-binding bid be successful, a further report will be presented to IMB for approval to finalise and complete the investment.

Actions and decisions from the meeting will be circulated and reviewed at the following meeting.

## **Responsibilities**

The Investment Management Board will be expected to undertake the following tasks:

- Oversee implementation and ongoing operational execution of the Investment Strategy
- Assess, evaluate and approve (or reject) the investments presented (expected return, volatility, risk factor analysis, etc) to determine if the Council should proceed on each individual proposal
- Approval of the strategic acquisition of land with development potential in line with the investment strategy
- Recommend approval of the investment in direct development opportunities on Council owned land, either independently, or through a joint venture or other partnership structure
- Monitor and evaluate overall investment performance, investment service providers, and costs regularly and at least on an annual basis
- Review overall portfolio opportunities, projections and risks at least on an annual basis
- Monitor, evaluate and assess whether fees incurred by investment service providers are appropriate and reasonable on an annual basis
- Approve the selection of any Investment Advisors
- Ensure performance measurement is based on external evaluations and net yield generated and reporting is undertaken with a view to making recommendations concerning sales or purchases and any amendments to the adopted strategy
- Acknowledge that there may be tax and VAT implications associated with investment activity
- Maintain a record of the meetings that take place
- To review and update the terms of reference on an annual basis, except the membership of the IMB which requires the approval of the Council.

## **Confidentiality**

Strict confidentiality at all stages of the investment process is crucial, as any breach/ media attention may jeopardise the investment. In most cases investments will be subject to a standard confidentiality agreement. Members of the IMB will be expected to sign a confidentiality agreement in relation to the discussions and decision of the IMB.

## **Reporting**

The IMB will report to Council, as part of the budget process, the investment income that will support the Council, on at least an annual basis, or otherwise as appropriate in line with budget monitoring reports. The IMB will also report to the council Scrutiny Committee, as invited by the Chair.

Terms of reference reviewed by: Richard Roe

Date of review: October 2018