

## APPENDIX 2 – The Investment Advisory Board and Governance

The Investment Advisory Board is made up of:

Investment Advisory Board	
Members	Officers
<ul style="list-style-type: none"> <li>• Leader of the Council</li> <li>• Portfolio Holder for Finance</li> <li>• Portfolio Holder for Property, Economic Development, Regeneration</li> <li>• Chair of the Audit Committee</li> <li>• Leader of the Opposition</li> </ul>	<ul style="list-style-type: none"> <li>• Chief Executive (CEX)</li> <li>• Director of Finance (S151)</li> <li>• Corporate Director of Assets and Investments (CDAI)</li> <li>• Assistant Director Property Investment and Contract Management (AD PICM)</li> <li>• Investment Consultant</li> <li>• Director of Law and Governance (Monitoring Officer)</li> </ul>

The primary purposes of the Investment Advisory Board are twofold:

- To consider recommendations from officers regarding the potential purchase of a property asset, prior to submission of a bid. The Investment Advisory Board review the officers' investment valuation, sanction expenditure on further due diligence and ultimately whether to submit a bid or not, and at what value.
- To consider the results of pre-acquisition due diligence following acceptance of an offer from CDC to purchase an asset, and ultimately to consider whether to endorse the purchase and proceed to exchange of contracts.

The Investment Advisory Board is authorised to sanction all offers. All recommendations relating to offers to purchase are reported to the next available meeting of the Council and their consent is required prior to any exchange of contracts.

Given the short notice that could often be inevitable in convening meetings of the Investment Advisory Board, all members would be able to nominate substitutes if they are unable to attend, or meetings could be held on a 'virtual' basis. For similar reasons, a quorum is not recommended, (particularly as the Investment Advisory Board is not decision making), although a meeting should include:

- at least two of the Officers: CEX, S151, MO, CDAI and AD PICM.
- at least two of the Members: Leader of the Council, Portfolio Holder for Finance, Portfolio Holder for Property, Economic Development

Other directors and assistant directors will be invited to participate when they have distinct operational needs that can only be addressed through the acquisition of additional premises.

As well as considering investment recommendations the Investment Advisory Board responsibilities also include:

1. Setting the threshold target return that investment properties should reach before they can be considered for investment.

2. Setting target volume of investments, expressed in capital and income terms, and subject to an investment timeline.

For the avoidance of doubt CDC Property are well placed to identify, evaluate and rank assets that might meet the two criteria identified above, but the criteria themselves are not necessarily property dependent; they will be a function, inter alia, of the Council's need for income, appetite for risk, quantum of reserves, Minimum Revenue Provision and capacity to take on additional debt, and the interplay of property with other treasury investments.

3. Managing the progress of an investment decision through the governance process including interaction with the wider Council.
4. The extent of interaction and co-investment between CDC and OCC.
5. The extent to which regeneration and the climate crisis, for example, should play a part in investment decisions.
6. The use of external suppliers, particularly lawyers and external valuers.
7. Retaining agents on acquisition and how this might impact on procurement protocols.
8. Geographic investment boundaries i.e. is there an area of economic influence that extends beyond the council's boundaries?
9. Preferred sectors and investment characteristics (lease length, covenant strength etc vs lettability).
10. Cashflow horizons.