



# **AGENDA**

## **COUNCIL MEETING**

### **TUESDAY, 23RD JULY, 2019 – 5.30 PM**

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Members of the Council are summoned to a meeting of the Babergh District Council at King Edmund Chamber - Endeavour House, 8 Russell Road, Ipswich on Tuesday, 23rd July, 2019 at 5.30 pm.

For those wishing to attend, prayers will be said 5 minutes prior to the commencement of the Council meeting.



Arthur Charvonia  
Chief Executive

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<b>BABERGH COUNCIL</b>	
<b>DATE:</b>	<b>TUESDAY, 23 JULY 2019 5.30 PM</b>
<b>VENUE:</b>	<b>KING EDMUND CHAMBER - ENDEAVOUR HOUSE, 8 RUSSELL ROAD, IPSWICH</b>

This meeting will be broadcast live to Youtube and will be capable of repeated viewing. The entirety of the meeting will be filmed except for confidential or exempt items. If you attend the meeting in person you will be deemed to have consented to being filmed and that the images and sound recordings could be used for webcasting/ training purposes.

The Council, members of the public and the press may record/film/photograph or broadcast this meeting when the public and the press are not lawfully excluded.

## PART 1 MATTERS TO BE CONSIDERED WITH THE PRESS AND PUBLIC PRESENT

Page(s)

### 1 **APOLOGIES FOR ABSENCE**

To receive apologies for absence.

### 2 **DECLARATION OF INTERESTS BY COUNCILLORS**

### 3 **BC/19/10 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 25 JUNE 2019** 1 - 10

### 4 **BC/19/11 ANNOUNCEMENTS FROM THE CHAIRMAN AND LEADER** 11 - 12

In addition to any announcements made at the meeting, please see Paper BC/19/11 attached, detailing events attended by the Chair and Vice-Chair.

### 5 **TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH COUNCIL PROCEDURE RULES**

In accordance with Council Procedure Rule No. 11, the Chief Executive will report the receipt of any petitions. There can be no debate or comment upon these matters at the Council meeting.

**6 QUESTIONS BY THE PUBLIC IN ACCORDANCE WITH COUNCIL PROCEDURE RULES**

The Chairs of Committees to answer any questions by the public of which notice has been given no later than midday three clear working days before the day of the meeting in accordance with Council Procedure Rule No. 12.

**7 QUESTIONS BY COUNCILLORS IN ACCORDANCE WITH COUNCIL PROCEDURE RULES**

The Chairman of the Council, the Chairs of Committees and Sub-Committees and Portfolio Holders to answer any questions on any matters in relation to which the Council has powers or duties or which affect the District of which due notice has been given in accordance with Council Procedure Rule No. 13.

**8 BC/19/12 OVERVIEW AND SCRUTINY COMMITTEE REPORT 13 - 14**

Chair of Overview and Scrutiny Committee

**9 BC/19/13 EQUALITY AND DIVERSITY POLICY 15 - 24**

Councillor John Ward, Leader of the Council

**10 BC/19/14 CAPITAL INVESTMENT FUND COMPANY (CIFCO CAPITAL LTD) BUSINESS TRADING AND PERFORMANCE REPORT 2018/19 - PART 1 25 - 42**

Councillor David Busby – Acting Chair BDC (Suffolk Holdings) Ltd

**11 COUNCILLOR APPOINTMENTS**

12 **MOTIONS ON NOTICE**

To consider the Motion on Notice received from Councillor Malvisi:

“This Council pledges to:

1. Acknowledge a climate emergency.
2. Set up a Task Force, commencing by September 2019, to examine ways in which Babergh & Mid Suffolk Councils will respond to the climate change challenge on a spend to save basis, with the ambition to make Babergh & Mid Suffolk Councils carbon neutral by 2030.
3. To work with partners across the county and region, including the LEP and the Public Sector Leaders, towards the aspiration of making the county of Suffolk carbon neutral by 2030.
4. To work with Government to a) deliver its 25-year Environment Plan and b) increase the powers and resources available to local authorities in order to make the 2030 target easier to achieve.

Proposer: Councillor Elisabeth Malvisi

Seconder: Councillor John Ward

13 **EXCLUSION OF THE PUBLIC (WHICH TERM INCLUDES THE PRESS)**

To consider whether, pursuant to Part 1 of Schedule 12A of the Local Government Act 1972, the public should be excluded from the meeting for the business specified below on the grounds that if the public were present during this item, it is likely that there would be the disclosure to them of exempt information as indicated against the item.

The author of the report proposed to be considered in Part 2 of the Agenda is satisfied that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

**PART 2**

14 **CONFIDENTIAL APPENDIX A CIFCO CAPITAL LTD BUSINESS PLAN 2019/20 AND JOINT O&S CONFIDENTIAL MINUTE (Exempt information by virtue of Paragraph 3 of Part 1)**

43 - 72

Councillor David Busby – Acting Chair BDC (Suffolk Holdings) Ltd

### **Date and Time of next meeting**

Please note that the next meeting is scheduled for Tuesday, 24 September 2019 at 5.30 pm.

### **Webcasting/ Live Streaming**

The Webcast of the meeting will be available to view on the Councils Youtube page:

[https://www.youtube.com/channel/UCSWf\\_0D13zmegAf5Qv\\_aZSg](https://www.youtube.com/channel/UCSWf_0D13zmegAf5Qv_aZSg)

For more information about this meeting, including access arrangements and facilities for people with disabilities, please contact Committee Services on: 01473 296472 or Email:

[Committees@baberghmidsuffolk.gov.uk](mailto:Committees@baberghmidsuffolk.gov.uk)

### **Introduction to Public Meetings**

Babergh/Mid Suffolk District Councils are committed to Open Government. The proceedings of this meeting are open to the public, apart from any confidential or exempt items which may have to be considered in the absence of the press and public.

### **Domestic Arrangements:**

- Toilets are situated opposite the meeting room.
- Cold water is also available outside opposite the room.
- Please switch off all mobile phones or turn them to silent.

### **Evacuating the building in an emergency: Information for Visitors:**

If you hear the alarm:

1. Leave the building immediately via a Fire Exit and make your way to the Assembly Point (Ipswich Town Football Ground).
2. Follow the signs directing you to the Fire Exits at each end of the floor.
3. Do not enter the Atrium (Ground Floor area and walkways). If you are in the Atrium at the time of the Alarm, follow the signs to the nearest Fire Exit.
4. Use the stairs, not the lifts.
5. Do not re-enter the building until told it is safe to do so.

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# Agenda Item 3

## **BABERGH DISTRICT COUNCIL**

Minutes of the meeting of the **BABERGH COUNCIL** held in the King Edmund Chamber - Endeavour House, 8 Russell Road, Ipswich on Tuesday, 25 June 2019

### **PRESENT:**

Councillor: Kathryn Grandon (Chair)  
Adrian Osborne (Vice-Chair)

Councillors:	Clive Arthey	Sue Ayres
	Melanie Barrett	Peter Beer
	David Busby	Sue Carpendale
	Derek Davis	Mick Fraser
	Jane Gould	Honor Grainger-Howard
	Richard Hardacre	John Hinton
	Michael Holt	Bryn Hurren
	Leigh Jamieson	Robert Lindsay
	Elisabeth Malvisi	Margaret Maybury
	Alastair McCraw	Mary McLaren
	Mark Newman	Zachary Norman
	Jan Osborne	Alison Owen
	Lee Parker	Stephen Plumb
	John Ward	

### **In attendance:**

Officers: Assistant Director - Assets and Investments  
Assistant Director – Planning and Communities  
Chief Executive  
Corporate Manager - Strategic Planning  
Professional Lead - Growth and Sustainable Planning  
Corporate Manager - Strategic Planning  
Corporate Manager - Democratic Services  
Corporate Manager - Internal Audit  
Strategic Director  
Professional Lead - Key Sites and Infrastructure

**Apologies:** Trevor Cresswell  
John Nunn

## **2 DECLARATION OF INTERESTS BY COUNCILLORS**

- 2.1 The Monitoring Officer had granted dispensations to all Members for the item BC/19/7 Draft Joint Local Plan.
- 2.2 There were no other declarations of interests.

**3 BC/19/5 TO CONFIRM THE MINUTES OF THE ANNUAL MEETING HELD ON 22 MAY 2019**

**It was RESOLVED: -**

**That the Minutes of the meeting held on 22 May 2019 be confirmed and signed as a true record.**

**4 BC/19/6 ANNOUNCEMENTS FROM THE CHAIRMAN AND LEADER**

- 4.1 The Chair referred Members to Paper BC19/6 which was **NOTED** and invited Councillor Ward, the Leader to report any announcements.
- 4.2 Councillor Ward updated Members on the District Councillor Network Board Meeting (DCN) which took place on 5<sup>th</sup> June and was the first since the elections.
- 4.3 At the meeting it was noted that a number of permitted development changes to encourage greater flexibility for the uses of town centre buildings came into effect last month. The Government was now considering the initial expressions of interest for the Future High Streets Fund submitted by local authorities earlier in the year and the DCN would be lobbying for early decisions on these.
- 4.4 The continued slow speed of progress on Housing Infrastructure Fund bids by Homes England remained a source of frustration to many DCN members.
- 4.5 Two briefing papers were prepared for the Planning Minister in May on speeding the build-out of consented housing sites and on the housing land supply.
- 4.6 The Environment select committee invited the DCN to provide evidence on the implications of the Waste Strategy for local authorities following a written evidence submission. Nobody liked the free green waste collection proposal.
- 4.7 Written evidence was submitted to MHCLG inquiry into Local Government Finance and Spending Review.
- 4.8 A written response to the Treasury Select Committee inquiry on the 'Impact of Business Rates on Business' was submitted.
- 4.9 Following the lifting of the Housing Revenue Account Borrowing Cap, the DCN commissioned a study of its impact since implementation and gained an understanding of what was needed for districts to fully explore its potential. This was of particular interest to BMS and the findings were relevant to District. The initial headline findings were that lifting the HRA cap had freed up a significant number (two thirds) of stock holding councils to increase their house building programmes. However, there were ongoing barriers to building or using the increased borrowing, which included:

- The impact of Right to Buy
- Affordability of schemes making future revenue more precarious
- Cost and availability of land
- Appetite for borrowing and risk – particularly among elected members, and linked to perceptions of capacity to deliver effectively
- Competition with the private sector

### **Belle Vue Park**

4.10 There had been a press release about the official opening of the new Skate Park and MUGA in Belle Vue park on Saturday. There were a lot of people there to enjoy the party the Council had put on and by all accounts everyone thoroughly enjoyed it. Babergh had invested £150k in these two facilities and further improvements were being planned.

### **Grimsey Review Study Tour**

4.11 Finally, later this week the Leader would be going on a DCN study tour to Roeselare in Belgium, which has implemented many of the recommendations in the 2013 Grimsey Review into the future of the high street. The DCN would produce a publication following the tour and the Leader would provide a report at next month's Council meeting.

## **5 TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH COUNCIL PROCEDURE RULES**

5.1 The following validated petitions had been received and would be dealt with through the usual planning process:

1. 77 valid signatures regarding the planning application DC819/01712 in Hintlesham.
2. 144 valid signatures regarding planning application DC/1901873 in Boxford.

## **6 QUESTIONS BY THE PUBLIC IN ACCORDANCE WITH COUNCIL PROCEDURE RULES**

6.1 None received.

## **7 QUESTIONS BY COUNCILLORS IN ACCORDANCE WITH COUNCIL PROCEDURE RULES**

7.1 None received.

**8 BC/19/7 BABERGH AND MID SUFFOLK DRAFT JOINT LOCAL PLAN:  
PREFERRED OPTIONS**

- 8.1 The Chair stated that the Joint Local Plan could not be changed apart from typographical and factual errors and Members should focus on the policies within the report and avoid in getting into specific issue relating to Members' wards. Such issues should be raised as part of the consultation.
- 8.2 Councillor Arthey, Cabinet Member for Planning, introduced the report and informed Council that a great deal of work had been undertaken since the draft plan had been presented to Members two years ago, including the Draft Local Plan Working Group. He said that the Council must have an up to date Local Plan to be compliant with Government regulation. Members had been invited to several Local Plan Briefing Session leading up to the completion of the Draft Local Plan.
- 8.3 Members were asked to approve the Draft Local Plan for public consultation. The minimum consultation period being six weeks. Councillor Arthey **MOVED** the recommendations, however as the consultation period began in July, he further **PROPOSED** that the length of the period was extended to ten weeks to allow for the summer holiday.
- 8.4 Councillor Ward **SECONDED** the recommendations.
- 8.5 Councillor Carpendale **SECONDED** Councillor Arthey proposal of a ten weeks consultation period.
- 8.6 Councillor Hinton asked for clarification on which evidence had been used to determine the data in the report. He was also concerned if employment prospect and issues with infrastructure were sufficiently covered in the draft plan.
- 8.7 Councillor Maybury raised concerns based on the responses she had received from the Parish Councils in her Wards regarding infrastructure issues such as available places the local schools, health provisions and highways. She felt that the Draft Local Plan had been hurried through and not enough time had been allowed for Members to consider the plan.
- 8.8 Councillor McCraw called for a Point of Order and asked that the questions raised were answered.
- 8.9 Council Arthey drew Members attention to the section for infrastructure in the Joint Local Plan document and invited the Corporate Manager for Strategic Planning to respond to Member's questions.
- 8.10 The Corporate Manager for Strategic Planning listed the following documents, as part of the evidence base:
- An updated version of the strategic housing and employment land availability plan, published along with the consultation.

- The housing needs were based on a standard governmental methodology which used household projections and affordability in the calculation which was available in the planning guidance on the website
- There was a Strategic Housing Market Assessment of Employment Land Needs Assessment from 2016
- A Sector Needs Assessment from 2017.
- The infrastructure delivery plan had been developed in corporations with Suffolk County Council and would be published together with the Joint Local Plan.
- Water issues were detailed in the LPC 23 policy, page 116 and 117, which detail the optional standard of 110 litre of water per person per day.

8.11 Councillor Hinton questioned further the reduced water consumption and the capacity of the infrastructure for the strategic road network.

8.12 The Corporate Manager for Strategic Planning responded that the road infrastructure had been developed in consultation with Suffolk Highways and Suffolk County Council and that more discussion were undertaken as the development progresses.

8.13 The issues of water consumption were in line with requirements.

8.14 Councillor Lindsay agreed with Councillor Maybury and felt that the draft Joint Local Plan had been rushed and that not enough time have been allowed for Members to respond to the Plan. He **PROPOSED** an amendment to be added as recommendation 3.2.

Proposed amendment to be inserted after 3.1 to read as follows:

3.1 That the Babergh and Mid Suffolk Draft Joint Local Plan: Preferred Options Document (June 2019) (appendix A) be approved for consultation

3.2 That the Corporate Manager of Strategic Planning before the proposal maps were approved for consultation reviews and where appropriate redraws the proposal maps or add caveats in consultation with any ward member that raises concerns about their ward before Thursday the 11<sup>th</sup> of July 2019.

3.3 That the Corporate Manager – Strategic Planning, in consultation with the Leader of the Council and Cabinet Member for Planning, be authorised to make consequential amendments to the consultation document arising from:

- removal of drafting and technical errors and typing mistakes, and
- improvements to the layout of the document

8.15 Councillor Jamieson **SECONDED** the amendment.

- 8.16 The Assistant Director for Planning and Communities stated that it would be difficult to redress the material at this stage. He was unsure of what adding caveats would involve and he was concerned that this would delay the document further.
- 8.17 Councillor Lindsay clarified that he was asking for more detail in areas he felt contained speculative information.
- 8.18 The Assistant Director for Planning for Growth stated that there had been provision for all allocated infrastructures in accordance with the appropriate policies and that any further addition to the document would not add any value to the consultation process.
- 8.19 Councillor Arthey reminded Members that this was a strategic document and could not include individual ward concerns.
- 8.20 Members debated the amendment and it was generally felt that any further delay would not be an advantage and that Members had had enough time to consider the document
- 8.21 Councillor McCraw expressed concerns that without a Join Local Plan the Council would be vulnerable to speculative developers.
- 8.22 Councillor Beer agreed with Cllr McCraw and **SECONDED** the proposal of extending the consultation week to ten weeks.
- 8.23 Councillor Lindsay stated that the start of the consultation would not be delayed but allow Members more time.
- 8.24 Members proceed to vote on the Amendment, which was **LOST**.
- 8.25 Councillor Maybury referred to page 74 in the Draft Joint Local Plan and was delighted that disability needs had been included in the plan.
- 8.26 The proposed recommendation 3.1 as amended and 3.2 were put to Members for voting and the vote was **CARRIED**.

**It was RESOLVED: -**

- 1.1 **That the Babergh and Mid Suffolk Draft Joint Local Plan: Preferred Options Document (June 2019) (appendix A) be approved for a ten week consultation.**
- 1.2 **That the Corporate Manager – Strategic Planning, in consultation with the Leader of the Council and Cabinet Member for Planning, be authorised to make consequential amendments to the consultation document arising from:**
- (i) removal of drafting and technical errors and typing mistakes, and;**
  - (ii) improvements to the layout of the document**

## **9 BC/19/8 PUBLICATION OF THE BABERGH HOUSING DELIVERY TEST ACTION PLAN**

- 9.1 Councillor Arthey introduced Paper BC/19/8 and provided a brief summary of the key information in the report. He then **MOVED** recommendations 3.1 and 3.2.
- 9.2 Councillor Davis **SECONDED** the recommendations.
- 9.3 Councillor Ward stated that the Housing Delivery Action Plan justified the Join Local Plan and allowed sites to be brought forward and the plan ensured that sites would be available in the future.
- 9.4 Councillor Hinton asked for clarification of the achievement of 88% for housing requirements.
- 9.5 The Corporate Manager for Strategic Planning responded that 88% was the total of all developments including sites of less than ten houses, however, the Housing Delivery Plan focused on Major developments.
- 9.6 Councillor Hurren expressed concern for the compulsory purchase order referred to on page 44.
- 9.7 The Corporate Manager for Strategic Planning responded this was included in the Homes and Housing Strategic policy.
- 9.8 Councillor Busby commented that stalled developments were caused by the developer but that this could be alleviated if the Council built more houses. He felt that the requirement of 35 % affordable homes on development sites did not encourage developers to complete development sites and could be the cause of stalled sites.
- 9.9 Councillor Arthey referred to pages 42 and 43 of the report and said that engagement with all developers was needed to ensure progress.
- 9.10 Members continued to discuss the Housing Delivery Action Plan and it was established that the Council had to produce the plan as a legal requirement.
- 9.11 The recommendations 3.1 and 3.2 were **PUT** to the meeting and the vote was **CARRIED**

### **It was RESOLVED: -**

- 1. That the Babergh Housing Delivery Test Action Plan (June 2019) is approved for publication.**
- 2. That the Corporate Manager – Strategic Planning, in consultation with the Cabinet Member for Planning, be authorised to make consequential amendments to the document arising from any drafting errors and typing mistakes.**

Note: Councillor Maybury left the meeting at 6:09pm

**10 BC/19/9 NOMINATIONS FOR APPOINTMENT OF DIRECTORS TO THE BOARD OF BDC (SUFFOLK HOLDINGS) LTD**

10.1 Councillor Busby **MOVED** the recommendation 3.1, which was **SECONDED** by Councillor Holt.

10.2 The vote was put to the Members and the vote was **CARRIED**.

**It was RESOLVED: -**

**That the appointment of Councillor John Hinton and Councillor Elisabeth Malvisi as Directors of BDC (Suffolk Holdings) Ltd be approved.**

**11 APPOINTMENT OF SUBSTITUTES TO THE SHARED REVENUES PARTNERSHIP COMMITTEE**

11.1 The Chair informed Members that Items 11 and 12 on the agenda were to be proposed together and referred to the tabled paper. The paper was for noting.

**It was RESOLVED: -**

**It was noted that the following appoints be made:**

**APPOINTMENT OF SUBSTITUTES TO THE SHARED REVENUES PARTNERSHIP**

Lee Parker	John Ward
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**AGENDA ITEM 12 – APPOINTMENT TO THE SUFFOLK POLICE AND CRIME PANEL**

Peter Beer	
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**AGENDA ITEM 12 – APPOINTMENT OF ARMED FORCES CHAMPION**

John Hinton	
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**AGENDA ITEM 12 – APPOINTMENT OF MENTAL HEALTH CHAMPION**

Melanie Barrett	
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**AGENDA ITEM 12 – APPOINTMENTS TO COMMUNITY GOVERNANCE REVIEW WORKING GROUP**

Zac Norman	Lee Parker
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**12 COUNCILLOR APPOINTMENTS**

Please see Item 11 above.



**13 LONG SERVICE AWARD - COUNCILLOR MARK NEWMAN**

13.1 The Chair informed Members that this item had been withdrawn.

The business of the meeting was concluded at 6.32 pm.

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Chair

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# Agenda Item 4

			<b>BC/19/11</b>	
<b>BABERGH DISTRICT COUNCIL CHAIRMAN'S ANNOUNCEMENTS</b>				
<b>COUNCIL - 23 JULY 2019</b>				
<b>EVENT</b>	<b>LOCATION</b>	<b>DATE</b>	<b>CHAIRMAN</b>	<b>VICE CHAIR</b>
<b>JUNE 2019</b>				
Suffolk Day 2019	Felixstowe	21-Jun	✓	
Official Unveiling of New Skate Park and Multi Use Games Area	Belle Vue Park Sudbury	22-Jun	✓	
British Armed Forces Day - Mayor of Ipswich	Ipswich	27-Jun	✓	
Royal Hosptial School Prize Giving, Divisions and Commemoration Service	Royal Hospital School Holbrook	29-Jun	✓	
<b>JULY 2019</b>				
Royal Air Force Association - American Independence Ceremony	St Gregory's Church, Sudbury	04-Jul	✓	
Ipswich High School - Berners Day	Woolverstone	04-Jul	✓	
Felixstowe Mayor's Reception	Harvest House Cobbold Road Felixstowe	19-Jul		✓
Stowmarket Mayor's Civic Service and Reception	Salvation Army Citadel Stowmarket	21-Jul		✓

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# Agenda Item 8

## BABERGH DISTRICT COUNCIL

<b>TO: Council</b>	<b>REPORT NUMBER: BC/19/12</b>
<b>FROM: Chair of Overview and Scrutiny Committee</b>	<b>DATE OF MEETING: 23 July 2019</b>

**Babergh Overview & Scrutiny Committee met on the 24<sup>th</sup> June 2019.**

**Chair: Alastair McCraw**

### **OVERVIEW & SCRUTINY TRAINING FOR MEMBERS OF THE COMMITTEE**

As this was the first meeting of the Council year we started with some training on the 'Call-In' process presented by Janice Robinson, Corporate Manager for Democratic Services. Members have been supplied with a series of Check Lists and Do's and Don'ts. This may be of use to other members and is available.

### **CHAIRS UPDATE ON THE CfPS SCRUTINY SYMPOSIUM**

Both Chairs and Officers, Jan Robinson & Henriette Holloway, attended the above event on the 20<sup>th</sup> June. The central item was the launch of the latest Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities. Dealing with Context, Culture, Resourcing, Committee Selection, Powers of Access, Planning Work and Evidence Sessions, the guidance has taken two years to prepare. It provides a framework and best practice approach for Scrutiny activity. The Chair provided a report on the guidance and related matters.

Members may be pleased to hear that we are already operating in the manner suggested. Almost completely in fact, but there are areas for us to examine and improve.

The Centre for Public Scrutiny also published an updated version of the Good Scrutiny Guide on the same day. Both the Statutory Guidance and the Guide are available to download from the CfPS or from officers.

### **OVERVIEW & SCRUTINY TIMETABLE & WORK PLAN 2019/20**

The balance of the meeting was spent examining and discussing our plans. With some items already agreed from previous work, we are now building on the last two years. The Babergh committee would like to explore some subjects that involve multi-authority Scrutiny. We covered some excellent suggestions, and these are being explored with the Chairs, Vice Chairs and Officers. The committee are always happy to hear suggestions from members and from the wider public.

**Babergh & Mid Suffolk Joint Overview & Scrutiny Committee met on the 1st July 2019.**

**Chair: Alastair McCraw**

**JOS/19/1 CAPITAL INVESTMENT FUND COMPANY (CIFCO CAPITAL LTD) BUSINESS TRADING AND PERFORMANCE REPORT 2018/19**

**PART 2 APPENDIX-DRAFT CIFCO CAPITAL LTD BUSINESS PLAN 2019/20  
(CONFIDENTIAL)**

The committee received a full report on the performance of CIFCO in the last financial year. Members are referred to the attached minutes which form part of the CIFCO agenda item within this meeting.

Likewise, the Confidential minute in the same agenda item supplies a Scrutiny report on the Business Plan for 2019/20.

The Committee resolved, unanimously, as follows:

**RECOMMENDATIONS**

- 1.1 That the Joint Overview and Scrutiny Committee note CIFCO Capital Ltd. trading activity and performance for the year to end April 2019.**
- 1.2 That the Overview and Scrutiny Committee endorse the report and ask that Council notes the comments made in the minutes from the meeting 1 July 2019.**

I'm happy to take any questions on this report, but suggest those dealing with CIFCO be dealt with as part of that agenda item.

Alastair McCraw.

Chair of Overview & Scrutiny Committee, BDC.

10<sup>th</sup> July 2019.

# Agenda Item 9

## BABERGH DISTRICT COUNCIL

<b>TO:</b>	<b>Babergh Council</b>	<b>REPORT NUMBER: BC/19/13</b>
<b>FROM:</b>	<b>Councillor John Ward, Leader of the Council</b>	<b>DATE OF MEETING: 23 July 2019</b>
<b>OFFICER:</b>	<b>Kate Parum – Project and Research Officer (lead officer for equality and diversity)</b>	<b>KEY DECISION REF NO. N/A</b>

### EQUALITY AND DIVERSITY POLICY

#### 1. PURPOSE OF REPORT

- 1.1 To consider the Equality and Diversity Policy which is designed to meet the Council's responsibilities under the Equalities Act 2010 and to continue to embed best practice. This policy is in line with the Council's corporate priorities and underpins their delivery.

#### 2. OPTIONS CONSIDERED

Two options are to be considered:

- 2.1 To continue with the current position of delivering services under the direct auspices of the Equality Act 2010 and its supporting documents. The Council will continue to meet its responsibilities under the Act and specifically in regard to the public sector duty which is the key duty for Councils.
- 2.2 To embed best practice of equality and diversity across the Council through an Equality and Diversity Policy. This will cement activity, provide a framework and offer straightforward guidance to all staff to ensure that the Council's responsibilities are met under the Equality Act 2010. The policy will over arch supporting documents to help facilitate the Council's duties.

<b>3. RECOMMENDATION</b>
That Full Council discuss the Equality and Diversity Policy (Appendix A) and recommend to Cabinet that it be adopted.
<b>REASON FOR DECISION</b>
To recommend Cabinet adopts the Equality and Diversity Policy which meets the Council's responsibilities under the Equality Act 2010.

#### 4. KEY INFORMATION

- 4.1 The Equality Act 2010 brought together over 116 separate pieces of legislation into one single Act. This new Act provided the legal framework to protect the rights of individuals in advancing equality of opportunity for all.

Within the 116 separate pieces of legislation it included nine main pieces of legislation including the Equal Pay Act 1970, Sex Discrimination Act 1975, the Race Relations Act 1975, the Disability Discrimination Act 1995, the Employment Equality (Religion or Belief) Regulations 2003, the Employment Equality (Sexual Orientation) Regulations 2003, the Employment Equality (Age) Regulations 2006, the Equality Act 2006, Part 2, and the Equality Act (Sexual Orientation) Regulations 2007.

4.2 The Equality Act 2010 introduces the public sector equality duty requiring public authorities, in the exercise of their functions, to have due regard to the need to:

- Eliminate determination, harassment and victimisation and any other conduct that is prohibited by or under the Act.
- Advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it.
- Foster good relations between people who share a relevant protected characteristic and those who do not share it.

4.3 Additional guidance documents underpin the draft Equality and Diversity Policy in relation to embedding equalities through policy-making and in service delivery. This is to ensure that everyone in the Council is meeting the statutory equality requirements.

4.4 A stand-alone Equality and Diversity Policy is considered important for a number of reasons:

- Since the Equality Act 2010 was first introduced there has been a number of additional changes which further expand the rights of individuals to be treated equally and fairly.
- The Council is committed to providing equality of opportunity for people, and for communities, that are becoming more diverse.
- In the workforce, everyone needs to feel included and to play their part in making the Councils great places to live work and visit.

4.5 The aims of the Equality and Diversity Policy are to:

- a) Promote equality of opportunity between people who share a protected characteristic and people who do not share it.
- b) Eliminate unlawful discrimination, harassment and bullying.
- c) Promote understanding, tackle prejudice and foster positive relations between different communities.
- d) Make reasonable adjustments.
- e) Take steps to remove barriers or inequalities that may already exist.
- f) Promote a workforce culture that values and respects difference.
- g) Engage with local communities fairly and proportionately



h) Encourage people who share a protected characteristic to participate in public life or in any other activity in which their participation is disproportionately low.

4.6 To ensure that the Council can demonstrate discharging its responsibilities under the public sector equality duty, there is a duty to publish one or more equality objectives at least every four years, these are currently under review.

4.7 Equality screening and Equality Impact Assessments (EIAs) are in use across the organisation as an effective way of considering, informing and consulting on any impacts, of proposed changes, to people according to their characteristic. They enable the Council to demonstrate that due regard has been paid in coming to key decisions.

4.8 The Council's recruitment policy ensures that the Council doesn't treat anyone less favourably on the grounds of any protected characteristics except when such treatment is within the law and determined by lawful requirements.

## **5 LINKS TO JOINT STRATEGIC PLAN**

5.1 The Equality and Diversity Policy supports and embeds the Council's statutory equality requirements in the delivery of the Joint Strategic Plan.

## **6 FINANCIAL IMPLICATIONS**

6.1 There are no financial implications arising from the policy as there are no additional requirements on any service within the Council.

## **7 LEGAL IMPLICATIONS**

7.1 The Equality Act 2010 and the associated public sector duty is a basic requirement of the Council which eliminates unlawful conduct, advances equality of opportunity and fosters good relations between people from different groups. The Equality and Diversity Policy isn't a legal requirement but provides officers of the Council with guidance to ensure statutory equality requirements are met.

7.2 Information collected to monitor equality and fairness includes personal data. Therefore, the council's policy on this activity must comply with the current data protection legislation, namely the General Data Protection Regulation (GDPR) (2016/679) and the Data Protection Act 2018.

7.3 The GDPR sets out how personal information can be used by government, companies and other organisations and places a strong emphasis on being accountable for and transparent about our lawful basis for processing data.

## **8 RISK MANAGEMENT**

8.1 This report does not link to any of the Council's significant risks, however it does link to Risk No.5G09 on the Business Support Operational Risk Register as below:

Risk Description	Likelihood	Impact	Mitigation Measures
If we do not implement our duties within the Equality Act 2010, then our services may not be inclusive of people with protected characteristics and may not demonstrate 'due regard' within our decision-making processes leading to reputational risk'	3	3	<ul style="list-style-type: none"> <li>Equality and Diversity Policy</li> <li>Objectives under review</li> <li>Effective screening and Equality Impact Assessments</li> <li>Transparency of suppliers of our services having 'due regard'</li> <li>Training of staff and Councillors</li> </ul>

## **9 CONSULTATIONS**

- 9.1 This policy underpins the Equality Act 2010 and hence no external consultation is required. Consultations will be undertaken during the review of the Councils equality objectives.

## **10 EQUALITY ANALYSIS**

- 10.1 An Equality Impact Assessment screening has been completed and there are no impacts on any of the protected characteristics.

## **11 ENVIRONMENTAL IMPLICATIONS**

- 11.1 There are no environmental implications in recommending Cabinet to approve this policy.

## **12 APPENDICES**

Title	Location
(a) Equality and Diversity Policy	Attached
(b) Equality Impact Assessment	Attached

## **BACKGROUND DOCUMENTS**

The Equality Act 2010 and the essential guide to the public sector equality duty.



### 1. Introduction and scope

- 1.1 Babergh and Mid Suffolk District Councils are committed to providing equality of opportunity for people and communities. We respect and value difference in the districts and across our workforce, and we want everyone to feel included, live in an environment of good health and wellbeing and be able to play their part in making Babergh and Mid Suffolk great places to live, work and visit.
- 1.2 We do not tolerate unlawful discrimination, harassment or victimisation in service delivery or employment on the grounds of any protected characteristic:
  - Age
  - Disability
  - Race/ethnicity
  - Religion or belief
  - Sex
  - Gender reassignment
  - Sexual orientation
  - Marriage or civil partnership
  - Pregnancy or maternity
- 1.3 We will not treat anyone less favourably than any other, on the grounds of any protected characteristic, except when such treatment is within the law and determined by lawful requirements.
- 1.4 In adopting the aims of this policy, we will:
  - Promote equality of opportunity between people who share a protected characteristic and people who do not share it
  - Eliminate unlawful discrimination, harassment and bullying
  - Promote understanding, tackle prejudice and foster positive relations between different communities
  - Make reasonable adjustments
  - Take steps to remove barriers or inequalities that may already exist
  - Promote a workforce culture that values and respects difference
  - Engage with local communities fairly and proportionately
  - Encourage people who share a protected characteristic to participate in public life or in any other activity in which their participation is disproportionately low.

### 2. Accessibility and Reasonable adjustments

- 2.1 We are committed to providing public services and a workforce environment that can be accessed, understood and used to the greatest extent possible by all people regardless of their ability or disability.

- 2.2 When reviewing or redesigning our public services or workforce environment (or any building, product or service in that environment, such as premises, technology, information, communication and culture) we will be guided by the following:
- Provide the same means of use to enable access for all users: identical whenever possible; equivalent when not
  - Avoid segregating or stigmatizing any users
  - Provisions for privacy, security and safety shall be equally available to all users
  - Ensure dignity in use for all users.
- 2.3 Where something the Council does places a person at a substantial disadvantage, we will take all reasonable steps to try to avoid that disadvantage. This may mean changing the way we work, providing extra equipment or removing physical or other barriers.

### **3. Discharging our responsibilities under the Public Sector Equality Duty**

- 3.1 When exercising our public functions, we will have due regard to the Public Sector Equality Duty. At least every four years, we will publish one or more equality objectives. Our objectives are published on our website and they are found [here](#). We will maintain and publish annual information which shows our compliance with the Public Sector Equality Duty. As there are over 150 employees at Babergh and Mid Suffolk District Councils the Act requires us to publish a workforce profile each year, which can be found [here](#). We also publish service reports on the protected characteristics annually, which can be found [here](#).

### **4. Equality impact assessments**

- 4.1 An Equality Impact Assessment (EQIA) should be undertaken for any new strategy, policy, project, contract, engagement, consultation, decision or function or substantive change to an existing policy or strategy.
- 4.2 In particular, as part of the equality impact assessment, direction should be sought on the minimum and maximum considerations that could be applied – to enable decision-makers to consider the most reasonable approach in the circumstances, taking all relevant factors into account - such as available resources; demand and future proofing.
- 4.3 It will not always be possible to adopt the course of action that will best promote accessibility for all. However, equality impact assessments enable informed decisions to be made, that consider every opportunity to minimise disadvantage.
- 4.4 Guidance on equality impact assessments is available [here](#).

### **5. Staff professional development**

- 5.1 We have a separate recruitment policy to ensure that, when we employ, we do not treat anyone less favourably than any other, on the grounds of any protected characteristic, except when such treatment is within the law and determined by lawful requirements.

- 5.2 All new staff undertake induction training which includes a module on behaviour and conduct expectations (standards at work). All managers undertake a further module to support their role in respect of equality and diversity and ensure that our aims are achieved
- 5.3 All staff are required to complete the e-learning modules below on equality and diversity within their first six months of employment:
- The Equality Act 2010
  - Equality in the Workplace
  - Implementing reasonable adjustments
- 5.4 Staff can access these modules via Learning Hub.

## **6. Who this policy affects**

- 6.1 This policy affects elected members and all workers including employees, consultants, temporary workers, agency staff and other third parties working on behalf of Babergh and Mid Suffolk District Council. It also applies to suppliers, sub-contractors and agencies in our supply chain.
- 6.2 This policy applies to (but is not limited to) the planning, design, operation, construction and delivery of services, the provision of goods, facilities and services, exercising of public functions, , conditions of service, benefits, facilities and pay, training and development, opportunities for promotion, conduct at work , and procedures and guidance. The equality and diversity of recruitment, selection and termination of employment is covered by the recruitment policy.
- 6.3 We expect all staff to take responsibility for familiarising themselves with this policy and conducting themselves in an appropriate manner. Staff are expected to engage proactively in the implementation of this policy.

## **7. Relevant legislation**

- 7.1 In implementing this policy, we will have regard to our legal obligations under relevant legislation, including the Equality Act 2010 and Public Sector Equality Duty.

## **8. Relevant policies, action plans and guidance**

- 8.1 The following HR policies provide further guidance about implementing equality, diversity and inclusion in the workplace:
- Transgender Action Plan
  - Transgender Guidance
  - Flexible Working Policy
  - Dress Code Policy
  - Equality and Diversity Employment Policy
  - Harassment and Bullying Policy
  - Recruitment Policy
  - People Strategy (in development)

## **9. Communication**

- 9.1 This policy will be made available via Babergh and Mid Suffolk District Councils website and intranet.
- 9.2 On Babergh and Mid Suffolk District Councils website we publish our workforce report and service reports annually.

## **10. Complaints**

- 10.1 We regard any breach of this policy as a serious matter to be dealt with through agreed procedures and this may result in disciplinary action. We encourage anyone who has a complaint concerning a breach of this policy to bring this to Babergh and Mid Suffolk District Councils' attention.

## **11. Further Information**

- 11.1 For further information please contact: [equalities@baberghmidsuffolk.gov.uk](mailto:equalities@baberghmidsuffolk.gov.uk)

## **12. Review**

- 12.1 We will review the terms of this policy and any associated codes of practice and guidance in 2022.

## Appendix B

### Equality Impact Assessment (EQIA) Initial Screening Form



Screening determines whether the policy has any relevance for equality, ie is there any impact on one or more of the 9 protected characteristics as defined by the Equality Act 2010. These are:

- Age
- Disability
- Gender reassignment
- Marriage and civil partnership\*
- Pregnancy and maternity
- Race
- Religion or belief (including lack of belief)
- Sex
- Sexual orientation

<b>1. Policy/service/function title</b>	Equality and Diversity Policy
<b>2. Lead officer (responsible for the policy/service/function)</b>	Kate Parnum
<b>3. Is this a new or existing policy/service/function?</b>	New
<b>4. What exactly is proposed? (Describe the policy/service/ function and the changes that are being planned?)</b>	The Equality and Diversity Policy is designed to meet the Council's responsibilities under the Equalities Act 2010 and to continue to embed best practice. This policy is in line with the Council's corporate priorities and underpins their delivery.
<b>5. Why? (Give reasons why these changes are being introduced)</b>	To embed best practice of equality and diversity across the Council through an Equality and Diversity Policy. This will cement activity, provide a framework and offer straightforward guidance to all staff to ensure that the Council's responsibilities are met under the Equality Act 2010. The policy will over arch supporting documents to help facilitate the Councils duties.
<b>6. How will it be implemented? (Describe the decision-making process, timescales, process for implementation)</b>	The Equality and Diversity Policy for comment and debate at Full Council (July 2019) then for Cabinet (August 2019) to decide whether to adopt the Policy.

7. Is there potential for differential impact (negative or positive) on any of the protected characteristics?	No – the policy is designed to ensure that the Council's responsibilities and duties are met in line with the Equality Act 2010 and the Public Sector Equality Duty.
8. Is there the possibility of <b>discriminating unlawfully</b> , directly or indirectly, against people from any protected characteristic?	No – the Policy is in line with responsibilities and duties within the Equality Act 2010 and the Public Sector Equality Duty.
9. Could there be an effect on <b>relations between certain groups</b> ?	No – the Policy is in line with responsibilities and duties within the Equality Act 2010 and the Public Sector Equality Duty.
10. Does the policy explicitly involve, or <b>focus on a particular equalities group</b> , i.e. because they have particular needs?	No – The policy considers all protected groups and ensures that the Council responsibilities and duties within the Equality Act 2010 and the Public Sector Equality Duty.
<p>If the answers are 'no' to questions 7-10 then there is no need to proceed to a full impact assessment and this form should then be signed off as appropriate.</p> <p>If 'yes' then a full impact assessment must be completed.</p>	
<p>Authors signature: Kate Parnum</p> <p>Date of completion: 11<sup>th</sup> February 2019</p>	

Any queries concerning the completion of this form should be addressed to the Equality and Diversity Lead.

\* Public sector duty does not apply to marriage and civil partnership.



# Agenda Item 10

## BABERGH DISTRICT COUNCIL

<b>TO:</b> Council	<b>REPORT NUMBER: BC/19/14</b>
<b>FROM:</b> Councillor David Busby – Acting Chair BDC (Suffolk Holdings) Ltd	<b>DATE OF MEETING:</b> 23 July 2019
<b>OFFICER:</b> Emily Attack – Assistant Director Assets and Investments, Managing Director CIFCO	<b>KEY DECISION REF NO. N/A</b>

### **CAPITAL INVESTMENT FUND COMPANY ('CIFCO CAPITAL LTD') BUSINESS TRADING AND PERFORMANCE REPORT 2018/2019**

#### **1. PURPOSE OF REPORT**

- 1.1 This report presents the trading activity for CIFCO Capital Ltd (CIFCO) for 2018/19. Appended to the report (Confidential Appendix A) is the draft business plan 2019/20 which subject to Council approval will form the basis of CIFCO trading in 2019/20.

#### **2. OPTIONS CONSIDERED**

- 2.1 The options available are to approve the 2019/20 CIFCO business plan for its adoption by CIFCO or to recommend amendments to the business plan.
- 2.2 The business plan had been prepared by the board of CIFCO in consultation with its fund managers Jones Lang LaSalle. The Business Plan has been approved by the Holding Companies and endorsed by the Joint Overview and Scrutiny Committee.

<b>3. RECOMMENDATIONS</b>
3.1 That Council notes CIFCO Capital Ltd trading activity and performance for the year to end April 2019.
3.2 That Council approves CIFCO Capital Ltd's 2019/20 business plan for adoption by CIFCO Capital Limited.
<b>REASON FOR DECISION</b>
3.3 <b>To provide appropriate governance and performance monitoring for the operation of CIFCO Capital Ltd for the 2019/2020 period.</b>

#### **4. KEY INFORMATION**

- 4.1 CIFCO Capital Ltd has been trading since 2017 and as such this is the third annual business plan for the company. Over the last 12 months CIFCO has completed the first phase of investment and now holds 12 diverse commercial assets primarily across the Eastern region.

The fully invested fund now has a rent roll in excess of £3m, which is due to return £2.33m to the Councils in repayments providing net income after borrowing costs of c.£786,000 for Babergh District Council and c.£676,000 for Mid-Suffolk District Council. The differing net amounts reflect the Councils' different treasury management strategies. These figures are equivalent to 12.9% of income generated by Council Tax for the Councils and make a significant contribution to the Councils' budgets.

- 4.2 The year has presented a number of challenges, in particular the disruption in the retail sector and the growth in the warehouse sector, driven by the expansion of on-line shopping. This has meant that the Board has had to consider acquisitions very carefully to reflect this changing market. In addition, it has proved difficult to identify opportunistic assets at a price which justified the increased risk of such assets and following advice from our fund managers, Jones Lang LaSalle (JLL) our acquisition policy has concentrated on the core and core plus sectors of the market, resulting in an overall portfolio yield slightly below the original target but with a more resilient risk profile. The board continues to operate a strong risk management strategy and has in place an expert team of professional advisers to ensure that acquisitions meet the criteria required by our shareholders.
- 4.3 In February 2019, the shareholder Councils agreed to a further phase of investment totalling a further £50m. The 2019/20 business plan considers the strategy for further investment alongside the on-going management of the existing fund and the company.
- 4.4 The updated investment strategy for 2019/20 commissioned by the Board and developed by the Board's Fund Manager (JLL) is designed not only to give strong short-term results but medium and long-term income resilience. CIFCO does not specifically target Capital growth and its projections are not based upon such growth, but a focus on income growth.
- 4.3 This medium to long term resilience is based upon;
- A current average WAULT to expiry of 8 Years 11 months
  - A strategy that balances the portfolio so that a significant number of the assets are 'Core' and liquid
  - A strategy that balances other attributes such as geography, asset class and sector so that resistance to medium and longer-term market stresses in any individual attribute can be mitigated
  - A company structure that allows flexibility in asset acquisition and disposal.
- 4.4 The 2019/20 Business Plan contains all the elements of the previous Business Plan approved by both Councils last year. The Plan includes;
- A review of performance over the last 12 months against key performance indicators together with strategy for the year ahead.
  - A summary of the full market conditions assessment and revised investment strategy commissioned by the Company's Fund Manager, JLL.
  - The JLL market assessment upon which the Plan is based looks at the individual attributes of each asset class targeted by CIFCO including strengths and weaknesses.

- The risks of investment in individual asset classes specifically reflecting the increased challenges in the high street retail sector.
- The business plan is not the document to analyse the strengths and weaknesses of individual tenant covenant. This is a matter for the Board in its due diligence as those assets arise in the marketplace and for the quarterly portfolio covenant review by Board undertaken independently by fund manager JLL, however the business plan does review the proportion of the fund let to different strengths of covenant.
- The Business Plan incorporates high level financial cash flow back to the Council through loans. CIFCO borrows on a fixed rate so interest rate fluctuations are mitigated. Cashflow and operational finance is dealt with quarterly by the Board alongside quarterly risk analysis
- In addition, the Board's future revisions to its investment strategy are influenced by quarterly portfolio analysis report from JLL. This covers:
  - Investment Guidelines
  - JLL IPD (a UK benchmarking index) Forecasts
  - Tenant Covenant Log
  - Critical Dates Schedule
  - Individual Property Business Plans
  - Tenancy Schedule
  - Arrears
  - EPC Schedule

4.5 The principle change to the investment strategy relates to the target sectors for investment which are summarised in the table below and largely reflect the challenges within the retail market and the intention to reduce exposure to this sector, through the acquisition of non-retail assets:

Sector	2018/19 Target	2019/20 Target	Target Change	Actual 2019
High Street Retail	15-20%	10-15%	Decrease	17%
Retail Warehouse	15-20%	10-15%	Decrease	13%
Offices	15-20%	20-25%	Increase	32%
Industrial	20-25%	25-35%	Increase	27%
Alternatives & Other	25-30%	20-25%	Decrease	10%

4.6 With an increased fund size the Board will also now seek to sub-categorise sectors to further diversify risk, for example the office sector of the fund will look to include single let and multi-let offices.

## 5. KEY PERFORMANCE INDICATORS (KPI)

5.1 The key performance indicators were set within the 2018/19 Business Plan, these are set out below together with performance against these targets: -

## 5.2 KPI 1 - Net Initial Yield (NIY) Performance against target

The fully invested portfolio NIY is targeted at a minimum of 6%.

**Actual - Initial Yield 5.75% Equivalent Yield 5.98%**

## 5.3 KPI 2 - Progress against 18 Month full investment target

Full investment is targeted to be achieved by September 2018 in advance of the January 2019 (18 month) full investment target.

**Actual - Fully invested by March 2019**

## 5.4 KPI 3 - Distribution Performance against target

The CIFCO Board has agreed an interest rate applied to loans of 5%. The CIFCO Board will aim to raise this to 5.25% by September 2019.

**Actual – 5%** Based on the existing portfolio the Shareholders will receive gross income of £2.2m in loan repayments from CIFCO Capital, generating net income to the Councils £1.45m. This is equivalent to in excess of 12% of the revenue received from Council Tax. The Board will continue to review opportunities to increase the return to the Shareholders on a quarterly basis, however it is unlikely that it will be in a position to increase the interest rate during the next phase of acquisitions.

## 5.5 The following updated KPIs are included with the 2019/20 business plan: -

- KPI 1 Net Initial Yield (NIY) Performance against target
- The fully invested portfolio NIY is targeted at 5.75%.
- KPI 2 Equivalent Yield (EY) is targeted at 6%
- KPI 3 Progress against 24 Month full investment target
- Full investment is targeted to be achieved by April 2021
- KPI 4 Quarterly Rent Arrears of less than 5%
- Measured by the amount of rent outstanding at the end of the quarter as a percentage of the total rent due that quarter.

## 6. LINKS TO JOINT STRATEGIC PLAN

### 6.1 A resilient and robust business plan for CIFCO Capital Ltd will contribute to the following strategic objectives:

- Investment in land and property to generate income and regenerate areas
- Financially sustainable Councils

## 7. COMPANY STRUCTURE AND IN-YEAR REPORTING

### 7.1 The Board of CIFCO Capital Ltd ('CIFCO') is responsible to its shareholders MSDC (Suffolk Holdings) Ltd and BDC (Suffolk Holdings) Ltd for the proper performance of the company against the business plan approved by the two parent Councils in April 2018.

- 7.2 The Board meets monthly and has held 13 Meetings to date (between April 2018 and May 2019) to review performance of the assets and fund, make new acquisition decisions, appoint corporate advisers and put in place strategies and policies for company governance. A wide range of approvals have taken place covering risk, performance management, governance, acquisitions, portfolio management, delegations and procurement.
- 7.3 Each acquisition is recommended to the Board by Jones Lang La Salle, approved in the first instance by the CIFCO Board subject to satisfactory due diligence and then reported to each Holding Company Board for further consideration and approval before funds are released. No acquisition can be made without the approval of both Holding Company Boards.
- 7.4 Each quarter the Chairman of CIFCO reports progress at a simultaneous Holding Company Boards meeting. He presents his assessment of company activity during the last quarter and performance data relating to that activity.
- 7.5 The CIFCO Board reviews its annual business plan and investment strategy continuously to ensure that it remains consistent with the marketplace and emerging risks and opportunities. Its investment strategy is developed with advice from Jones Lang LaSalle Ltd (JLL). The Business Plan is amended in full annually. The Business Plan is presented to both Holding Companies for consideration and approval before it progresses to both full Councils for final consideration.

## **8. BOARD DIRECTOR PROFILES**

- 8.1 The Board of CIFCO comprises 3 non-executive directors, the managing director (who is also the Assistant Director for Assets & Investments) and two Councillor directors- one from each shareholder. Cllr Derrick Haley and Cllr Nick Ridley both served as Councillor directors on the board since its inception, Derrick Haley has now retired, and Nick Ridley resigned having not been returned at the election. They will be succeeded by Cllr Rick Meyer and Cllr Michael Holt.
- 8.2 The new Councillor directors will be appointed by the Joint Holding Companies in June following the completion of the skills audit.
- 8.3 The Board provides Council shareholder perspective (through the appointment of two elected member Directors and the Managing Director) balanced with a strong commercial property industry expertise (through the appointment of three industry expert Directors not linked to the Council and the Managing Director who is Chartered Surveyor with experience in the property investment market). All Directors undergo a mandatory and externally validated skills assessment before appointment.

## Directors' Profiles



**Chris Haworth (Non-Executive Director and Chair)** - BSc in Estate management from Reading University, fellow of the Royal Institution of Chartered Surveyors, and a member of the National landlords Association. Partner of Carter Jonas for 12 years, until August 2012, and Head of the National Commercial Division for 8 years.



**Emily Attack (Managing Director and Assistant Director Assets 7 Investments)** – Emily is a Member of the Royal Institution of Chartered Surveyors (RICS). She has approximately 20 years' experience in both private and public sector, primarily in dealing with commercial property transactions.



**Henry Cooke (Non-Executive Director)**- Investment banking professional with over 30 years' experience in roles across research, sales, trading, structuring, origination, syndication and asset management of US, UK, Australian and European mortgage backed, asset backed, whole-business and real estate financing



**Mark Sargeantson (Non-Executive Director)** – Fellow of the Royal Institution of Chartered Surveyors, partner of Cluttons, until early 1991. Acted for a wide range of property owners and investors mostly in portfolio and asset management in London and across the UK. Joined Fenn Wright, Ipswich in April 1991 and was a partner until 2008 and a consultant to the practice to the present day.

## 9. CORPORATE GOVERNANCE

- 9.1 CIFCO Capital continues to have robust corporate governance, reporting quarterly to the BDC (Suffolk Holdings) Ltd and MSDC (Suffolk Holdings) Ltd Boards, who in turn report to the Councils twice yearly. The Councils' internal audit team has completed a review of the company's governance and found that reasonable assurances are in place, with all recommendations being adopted.
- 9.2 CIFCO Capital has complied fully with all Companies House registration and filing requirements. Ensors are the company's financial auditors. The Board of CIFCO Capital adjusted the financial year (previously running 1<sup>st</sup> July to 30<sup>th</sup> June) to align with the shareholders financial year ending 31<sup>st</sup> March.

- 9.3 The Non-Executive Directors have signed service agreements laying out individual obligations. These agreements are aligned to the Company's adopted Articles.
- 9.4 New and existing Board Members will be provided with Director training focusing on Corporate Law and Director requirements. The Board will be adopting a new director guidance code during the forthcoming year, which will clearly set out the expectations, responsibilities and obligations for all directors.

## 10. FINANCIAL PERFORMANCE AND ACQUISITION PROGRESS

- 10.1 The tables below show the income received from CIFCO whilst the first tranche of funding was being invested, showing each Council has received approximately £1m since 2017. The tables also show the movement of capital over this period. The year to date was calculated as at 16th June 2019.

CIFCO (Babergh)					CIFCO (Mid Suffolk)				
£ 000					£ 000				
	2017-18	2018-19	2019-20 ytd	Cumulative		2017-18	2018-19	2019-20 ytd	Cumulative
<b>Revenue Impact</b>					<b>Revenue Impact</b>				
Interest Received	(86)	(782)	(300)	(1,168)	Interest Received	(86)	(782)	(300)	(1,168)
Interest Paid	11	119		130	Interest Paid	11	235		246
<b>Net Interest</b>	<b>(75)</b>	<b>(663)</b>	<b>(300)</b>	<b>(1,038)</b>	<b>Net Interest</b>	<b>(75)</b>	<b>(547)</b>	<b>(300)</b>	<b>(922)</b>
Dividends from CIFCO	-	-	-	-	Dividends from CIFCO	-	-	-	-
<b>Total Revenue</b>	<b>(75)</b>	<b>(663)</b>	<b>(300)</b>	<b>(1,038)</b>	<b>Total Revenue</b>	<b>(75)</b>	<b>(547)</b>	<b>(300)</b>	<b>(922)</b>
£ m					£ m				
	2017-18	2018-19	2019-20 ytd	Cumulative		2017-18	2018-19	2019-20 ytd	Cumulative
<b>Capital Movement</b>					<b>Capital Movement</b>				
Capital Borrowed	12.38	13.71	1.17	27.26	Capital Borrowed	12.38	13.71	1.17	27.26
Loans Repaid	-	-	-	-	Loans Repaid	-	-	-	-
<b>Gross Borrowing</b>	<b>12.38</b>	<b>13.71</b>	<b>1.17</b>	<b>27.26</b>	<b>Gross Borrowing</b>	<b>12.38</b>	<b>13.71</b>	<b>1.17</b>	<b>27.26</b>
Loans Made to CIFCO	11.15	12.34	1.05	24.54	Loans Made to CIFCO	11.15	12.34	1.05	24.54
Loans Repaid	-	-	(0.02)	(0.02)	Loans Repaid	-	-	(0.02)	(0.02)
Equity	1.23	1.37	0.12	2.72	Equity	1.23	1.37	0.12	2.72
<b>Gross Investment</b>	<b>12.38</b>	<b>13.71</b>	<b>1.15</b>	<b>27.24</b>	<b>Gross Investment</b>	<b>12.38</b>	<b>13.71</b>	<b>1.15</b>	<b>27.24</b>
<b>Net Capital Movements</b>	<b>-</b>	<b>-</b>	<b>0.02</b>	<b>0.02</b>	<b>Net Capital Movements</b>	<b>-</b>	<b>-</b>	<b>0.02</b>	<b>0.02</b>

- 10.2 The CIFCO accounts for the year ending 31<sup>st</sup> March 2019 show a loss of £3.1m. This loss includes the one-off costs of acquiring the assets (including stamp duty and fees of approximately £1.5m) and an adjustment in valuation following the year-end revaluation. This adjustment in valuation does not impact the income return to the fund and shows a reduction in value of 3% across the portfolio.
- 10.3 The administrative costs of operating CIFCO Capital Ltd for the financial year 1 July 2018 ending 31<sup>st</sup> March 2019 was £246,000, the full year equivalent being £330,000. Administrative costs include professional fees, executive and non-executive resource costs. CIFCO Capital paid the Councils £50,000 for resource for the year 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019. Assuming a portfolio value of £75m by March 2020, the budget for administrative costs for the year 2019/20 is £500,000. The increased administrative costs budget reflects an increase in fees which are calculated as a percentage of rent and/or portfolio value.
- 10.4 The Board has considered the merits of acquiring 77 assets, rejected 64 as unsuitable, submitted offers on 13 and acquired 6. The Board, with Holding Company approval, has invested in six assets between 1<sup>st</sup> April and 31<sup>st</sup> May at a value of £28,255,000.

- 10.5 From these 6 properties, the company receives £1,714,771 in rental income per annum, bringing the total annual rent to £3,119,558 against the previously anticipated rental income of circa £2.8 million per annum. This includes income from the first asset acquisition of the second phase of investment, excluding this the income the first phase of investment generates an income of £2.98m.
- 10.6 A summary of the assets acquired between 1<sup>st</sup> April 2018 and 31<sup>st</sup> May 2019 are set out below:

**2 Eastman Way, Hemel Hempstead (Completed 17 July 2018)**



Situated in the established 'Maylands Business Park, surrounded by similar uses and occupiers. The unit is let on a long lease to a good covenant providing secure long-term income. This property is classified as a Core asset.

**Olympus Business Park, Ipswich (Completed 3 August 2018)**



A well-located industrial asset in an established location. The units are well let to a range of tenants, diversifying the income risk. Approaching lease events provide the opportunity to secure tenants on longer terms and demonstrate rental growth. This property is classified as a Core plus asset.



**Westpark House, 23 Cumberland Place, Southampton (Completed 19 Dec 2018)**



The property provides a well let office building in an established business location in Southampton. Following the removal of the tenant's break, the long unexpired term (7.9 years to expiry) provides a good income for the fund without exposure to capital expenditure. Paris Smith LLP provides a strong covenant with minimal risk of failure. The property is classified as a 'Core' asset of the portfolio.

### **Omron, Opal Drive, Milton Keynes (Completed 9 Jan 2019)**

The property provides a well located, fully let and recently refurbished office building. Milton Keynes has been projected to be a leading growth centre in the UK. A strong tenant covenant combined with



a low rental base provides the opportunity to generate an increasing income for the fund, especially if the tenant's break can be removed. The property is classified as a 'Core' asset of the portfolio.

### **Lutea House, Brentwood (Completed 12 March 2019)**

The property provides a well let office building in an established business location in Brentwood. Long unexpired term (7.6 years to expiry) provides a good income, with fixed rental uplifts, for the



fund without exposure to capital expenditure. Shawbrook Bank provides a strong covenant with minimal risk of failure. The property is classified as a 'Core' asset of the portfolio.

### **DW Fitness, Lincoln (Completed 15 May 2019)**

The property provides a well located, fully let building currently fitted out for gym/leisure use.



A good tenant covenant combined with fixed rental uplifts provides the opportunity to generate an increasing income for the fund. The property is classified as a 'Core' asset of the portfolio.

## 11. CORPORATE APPOINTMENTS

11.1 In 2019/2020, the Board will work with the following corporate partners to support its investment activity:

- JLL – Fund Manager and Acquisitions Adviser
- Birketts LLP - Legal Adviser
- Zurich UK – Corporate Insurer
- MS Amlin - Portfolio Insurer
- Aquilla Insurance Brokers Ltd - Insurance Broker
- Lloyds Bank PLC – Corporate Banking
- Ensors – Accountancy and Audit
- Grant Thornton – Tax and Strategic Finance Advice
- Workman LLP – Property Management
- Knight Frank – Independent Portfolio Valuers

## 12. RISK MANAGEMENT

This report most closely links with the following Significant Risk:

Risk Description	Likelihood	Impact	Mitigation Measures
<b>4a)</b> If the Capital Investment Fund (CIF) does not generate forecast investment returns, we may be unable to meet the income projections for the Councils	2	3	CIFCO has now completed acquisitions for the first tranche of funding. The adoption of the proposed business plan will provide governance, accountability and a framework for the second tranche of funding. CIFCO activity continues to be closely monitored, together with market conditions and any changes or prospective changes in government legislation.

- 12.1 The Board of CIFCO CAPITAL LTD actively manages risk and considers the fund risk register formally at the Board meetings each quarter. There is a comprehensive risk management strategy in place which requires the Managing Director to attend a group risk panel each quarter to report on risk to the Holding Company Chairs and shareholder senior risk officers.

### **13. REVISED BUSINESS PLAN CONSULTATIONS**

- 13.1 The Board of Directors considered the 2019/20 business plan at a strategy day in March with its adviser JLL. The Business Plan has subsequently been developed with the board of CIFCO and approved by both BDC and MSDC Holding Companies who recommend its approval by the Council for adoption by CIFCO.
- 13.2 The 2019/20 business plan and performance report were reported to the Joint Overview & Scrutiny Committee on 1st July 2019. By a unanimous vote, it was resolved that the Joint Overview and Scrutiny Committee note CIFCO Capital Ltd. trading activity and performance for the year to end April 2019 and endorse the report and 2019/20 business plan.

### **14. EQUALITY ANALYSIS**

- 14.1 An Equality Impact Assessment was originally completed in September 2016. The outcome of the assessment was that the strategy itself will not impact residents, staff or any specific protected characteristics. Funding for the programme is independent of existing revenue streams and therefore it will not impact the delivery of any existing front-line services.

### **15. ENVIRONMENTAL IMPLICATIONS**

- 15.1 There are no known negative environmental impacts resulting from the proposals within the CIFCO CAPITAL LTD Business Plan 2019/20.

### **16. APPENDICES**

Title	Location
(a) DRAFT CIFCO CAPITAL LTD Business Plan 2019/20 (CONFIDENTIAL)	Attached in Part 2 of the agenda
(b) Recommendations from BMSDC Joint Overview and Scrutiny Committee	Attached

<b>TO:</b>	<b>BDC COUNCIL</b>	<b>APPENDIX B TO PAPER BC/19/14</b>
<b>FROM:</b>	<b>Joint Overview and Scrutiny Committee</b>	<b>DATE OF MEETING: 23 July 2019</b>

**COUNCIL ARE ASKED TO CONSIDER THE RECOMMENDATIONS BELOW FROM THE JOINT OVERVIEW AND SCRUTINY COMMITTEE HELD ON 1 JULY 2019**

**JOS/19/1 CAPITAL INVESTMENT FUND COMPANY (CIFCO LTD) BUSINESS TRADING AND PERFORMANCE REPORT**

**APPENDIX A – DRAFT CIFCO CAPITAL LTD BUSINESS PLAN 2019/20 (CONFIDENTIAL)**

<b>RECOMMENDATIONS</b>	
<b>1.1</b>	<b>That the Joint Overview and Scrutiny Committee note CIFCO Capital Ltd. trading activity and performance for the year to end April 2019.</b>
<b>1.2</b>	<b>That the Joint Overview and Scrutiny Committee endorse the report and ask that Council notes the comments made in the minutes from the meeting 1 July 2019.</b>
<b>REASON FOR DECISION</b>	
The Committee provided scrutiny of the CIFCO Capital Performance and activity of the first years of trading	

**APPENDICES**

<b>Title</b>	<b>Location</b>
1. Draft Minute – Capital Investment Fund Company (CIFCO Ltd.) Business Trading and Performance Report	Attached
2. Draft Minute- Appendix A – Draft CIFCO Capital Ltd. Business Plan 2019/20 ( <b>CONFIDENTIAL</b> )	Attached in Part 2 of the agenda

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## **BABERGH AND MID SUFFOLK DISTRICT COUNCILS**

Minutes of the meeting of the **JOINT OVERVIEW AND SCRUTINY COMMITTEE** held in the King Edmund Chamber - Endeavour House, 8 Russell Road, Ipswich on Monday, 1 July 2019

### **PRESENT:**

Councillors:	Sue Ayres	James Caston
	Jane Gould	Kathryn Grandon
	Lavinia Hadingham	Alastair McCraw (Chair)
	Mary McLaren	Andrew Mellen
	Dave Muller	Adrian Osborne
	Keith Scarff	Keith Welham

### **In attendance:**

Councillors: David Busby  
John Hinton

Chris Haworth – Chair of CIFCO Capital Ltd  
Mark Sargeantson – Chair of CIFCO Capital Ltd  
Rick Meyer - Director-elect CIFCO Capital Ltd  
Nigel Golder - Director- Strategic Asset Management, JLL (Advisers to CIFCO Capital Ltd  
Neville Pritchard - Director- Capital Markets, JLL  
Officers: Strategic Director (JS)  
Assistant Director - Assets and Investments (EA)  
Deputy Monitoring Officer and Corporate Manager-Democratic Services (JR)  
Senior Acting Governance Support Officer (HH)

## **1 APOLOGIES FOR ABSENCE**

1.1 None.

## **2 DECLARATION OF INTERESTS**

2.1 There were no declarations of interests.

## **3 TO RECEIVE NOTIFICATION OF PETITIONS IN ACCORDANCE WITH THE COUNCIL'S PETITION SCHEME**

3.1 None received.

## **4 QUESTIONS BY THE PUBLIC**

4.1 None received.

## 5 QUESTIONS BY COUNCILLORS

5.1 None received.

## 6 JOS/19/1 CAPITAL INVESTMENT FUND COMPANY ('CIFCO CAPITAL LTD') BUSINESS TRADING AND PERFORMANCE REPORT 2018/19

6.1 The Assistant Director for Assets and Investments introduced the Board Members and Advisors:

Name	Position
Chris Haworth	Chair CIFCO Capital Ltd
Mark Sargeantson	Chair CIFCO Capital Ltd
Rick Meyer	Director-elect CIFCO Capital Ltd
Nigel Golder	Director - Strategic Asset Management, JLL (Advisers to CIFCO Capital Ltd)
Neville Pritchard	Director - Capital Markets, JLL

6.2 Chris Haworth, Chair of CIFCO Capital Ltd. provided the first part of the presentation which covered a summary of the current portfolio, the purpose of the CIFCO Business Plan, and Key Performance Indicators.

6.3 Neville Pritchard, Director – Capital Market, Jones La Salle Ltd (JLL) then detailed the current market for business properties. He stated that currently there was £65 billion transaction in the housing market, which had been slowed down by Brexit, but was now slowly increasing again as the market gained confidence.

6.4 Industrial properties performed best, as industrial units were used for a multitude of purposes including mail order distributions units.

6.5 Office suites also performed well in the market, and the view was to focus on office units and industrial property. A good location applied to tenants and in combination with a long lease, would make industrial units prospective assets to increase the property portfolios.

6.6 Nigel Golder, Director- Strategic Asset Management, JLL (Advisers to CIFCO Capital Ltd) then continued the presentation, including investment strategy and sector targets.

6.7 The Assistant Director for Assets and Investments presented the Council's capital and revenue in relation to CIFCO.

6.8 Councillor Grandon asked why CIFCO invested in the high street retail market, when it was performing less favourable and if national retailers negotiated individual rental agreements for their branches.

6.9 Neville Pritchard responded that the property in question was mostly food orientated store.



These kind of stores perform better than the other high street stores. The unit also had the potential to be divided into smaller units, should the current tenant serve notice. It was agreed that food stores were a strong asset to have in the property portfolio.

- 6.10 Councillor McCraw reminded Members that risk management had been undertaken and that that this part for the business set-up had been scrutinised last year.
- 6.11 Councillor Caston enquired if car parks were included in the respective properties with car parks and it was confirmed that in principle most of the car parks were included.
- 6.12 Councillor Scarff was concerned that the increase in councils investing in business properties were inflating the business property market.
- 6.13 Neville Pritchard responded that the investments that councils made were only a small portion of the investment market, around £3 billions of the £65 billion invested in the property market.
- 6.14 Mark Sargeantson added when CIFCO was bidding for a property the purchase had to fulfil certain criteria otherwise CIFCO would withdraw from the process.
- 6.15 Councillor Welham enquired how optimistic the Director were in negotiating rent increase as there currently was breakdown in rents in the high street retail sector.
- 6.16 Nigel Golder explained that every six- months CIFCO had face to face with the occupiers of the properties to anticipate outcome of rent negotiations.
- 6.17 Part of the management of the portfolio was to look at assets to add value and currently there was no need to sell any properties. However, should this become a need the funds would be reinvested in other properties.
- 6.18 Councillor Mellen asked how the Directors anticipated the effect of Brexit and the rise of the No-deal Brexit.
- 6.19 Neville Pritchard responded that fundamentally there was a limited supply of good properties and that eventually business would be affected by Brexit. Some occupiers are concerned about the effects of Brexit, which had slowed the market down. However, overall there the market had been confident during the past eighteen months, but matters were likely to improve once it became known how Brexit would be attained.
- 6.20 The Chair asked if the covenants and fundamental income would be affected by Brexit and the effects this might have on the market. Nigel Golder responded that the fundamental income stream was predicted to be steady for the next five years.

**7 RESOLUTION TO EXCLUDE THE PUBLIC (WHICH TERM INCLUDES THE PRESS)**

By a unanimous vote

**It was Resolved: -**

**That under section 100(4) of the Local Government Act 1972 the public be excluded from the meeting for the following item on the grounds that it involves the likely disclosure of exempt information as defined in Part 1 of Schedule 12A of the Act in the paragraph registered against the item.**

**8 PART 2 APPENDIX A - DRAFT CIFCO CAPITAL LTD BUSINESS PLAN 2019/20 (CONFIDENTIAL)**

The business of the meeting was concluded at 3.15 pm.

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Chair

# Agenda Item 14

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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