

BABERGH DISTRICT COUNCIL CABINET MEMBER UPDATE

From: Councillor David Busby Cabinet Member Asset & Investments	Report Number: CMU10
To: Council	Date of meeting: 21 January 2020

TO PROVIDE AN UPDATE FROM THE CABINET MEMBER FOR ASSETS & INVESTMENTS

1. Overview of Portfolio

- 1.1 This report summarises the key areas of activity since September and sets out the priorities for the following 3 months.

2. Recommendation

- 2.1 That Council notes the report.

3. Key Activities since September

Company Activities BDC (Suffolk Holdings) Limited, CIFCO Capital Limited and Babergh Growth Limited

- 3.1 The Board of BDC (Suffolk Holdings) Ltd has met twice since the last quarterly report to Council in September. It has received a quarterly update from the Chairman of CIFCO Capital Limited, Babergh Growth updates and reviewed the company risk register. BDC (Suffolk Holdings) Ltd has also adopted a new Code of Conduct for Company Directors, which set out the responsibilities and expectations for all directors and seeks to embed the Councils' values within all of our companies.
- 3.2 Since September, the Board of CIFCO Capital Limited have agreed the purchase of three investment assets subject to contract and satisfactory due diligence being completed. The total value of these assets is approximately £15m and generate an annual rent of approximately £950,000.
- 3.3 Babergh Growth Ltd has focused on the development of the Former HQ site in Hadleigh. Detailed delivery drawings and pre-commencement due diligence has been completed for Phase 1 including the reconfiguration of some of the units to provide improved internal layouts. The first phase of the development will be tendered in January with works anticipated to start on site in late Spring. Marketing agents have been appointed for the scheme to ensure that the internal specification of the units is in line with market requirements and the marketing can be planned and managed to commence at the optimum time for the development. Babergh Growth is also seeking to develop a pipeline of development sites for the future to meet its aspirations to develop 100 homes over the next 3 years, some work has commenced in this regard, but further work will be undertaken over the next 3 months.

Strategic Asset Management

- 3.4 In March 2019 Babergh Cabinet approved the sale of land in Sudbury for the development of a new Health Centre and Public Sector Hub. It was hoped that conditional contracts would be exchanged by the end of the calendar year, however this has been delayed due to other partners. The conditional sale contract however is well progressed with solicitors and a new timetable has been submitted by the developer which looks for exchange of contracts by March 2020, submission of a planning application in August 2020 and subject to consent being granted a start on site in early 2021 with the building being completed in Spring of 2022.
- 3.5 A public engagement exercise was undertaken in the autumn in respect of the future use of Belle Vue House. The building was opened-up for viewings and information provided on our website. Four proposals were received by the closing date of 1st November, including 2 for residential conversion and 2 community-based proposals. It was intended that these proposals would then be shared with the public, however due to the General Election this public consultation was delayed until January.
- 3.6 The proposals for the neighbouring former swimming pool and adjacent land have been developed further, but again due to the General Election the pre-planning public engagement has been delayed until January and consequently the planning application is now anticipated to be submitted at the end of February/early March.
- 3.7 There have been several new lettings negotiated at Borehamgate Shopping Centre with new potential tenants including the Caffeine Lounge, Britalicious and Premier Travel. Their arrival will help to support the vitality of the shopping centre and the existing businesses/retailers located within the centre. The managing agents have also arranged for the canopies within the centre to be cleaned and are overseeing the installation of a new bin store, new railings and replacement centre gates. The centre will also be redecorated in the New Year to ensure it presents as well as possible.

4. Future Key Activities

Company Activities BDC (Suffolk Holdings) Limited, CIFCO Capital Limited and Babergh Growth Limited

- 4.1 BDC (Suffolk Holdings) Ltd will continue to play an important role in the governance of the trading companies over the next 3 months particularly in relation to the drawdown of funds for acquisitions by CIFCO Capital and the commencement of development works by Babergh Growth. The board will also consider the environmental impacts of the trading companies and seek to develop policies to mitigate environmental impact.
- 4.2 CIFCO Capital Limited will be seeking to make further acquisitions and manage the existing property portfolio in line with the aims of the 2019/2020 business plan. The focus will be to complete the due diligence for the 3 properties currently under offer by the end of January. The board will be holding their annual strategy day in March, where they will review performance over the last 12 months and start to shape the business plan for the forthcoming year.

- 4.3 Babergh Growth Ltd will be focusing on the delivery of the HQ site in Hadleigh with an expectation of works commencing on site in late Spring 2020. The first few months of the new year will be focused on tendering the works and selecting the contractor. Babergh Growth will be progressing its development pipeline of development sites for the future to meet its aspirations to develop 100 homes over the next 3 years.

Strategic Asset Management

- 4.4 Complete the Belle Vue House & Park Public Consultation and Pre-planning application engagement in respect of the swimming pool site. Evaluate proposals for the House and prepare information for a cabinet report to enable a decision to be made on the future of the House in late Spring. Prepare and submit a planning application in respect of the former swimming pool site and adjacent land including public consultation by the end of February/ early March.
- 4.5 Complete conditional contracts for the sale of land for the development of the Health Centre in Sudbury and review opportunities for Council use of the Hub.
- 4.6 Develop an asset management plan for consultation in the Spring and scope a data project to enable the more efficient use and management of the Council's property estate.
- 4.7 Continue the asset management of Borehamgate Shopping Centre with a continued focus on reducing vacant shops and improving the management of the centre, whilst being mindful of longer-term redevelopment aspirations.
- 4.8 Identify opportunities to acquire land for residential development within the district to support the social housing programme and Babergh Growth's business plan housing development aspirations.
- 4.9 Identify income producing investment opportunities within the District which have a strategic and financial benefit to the Council to meet the aspirations of the Strategic Property Fund which was established last year.