

MID SUFFOLK DISTRICT COUNCIL CABINET MEMBER UPDATE

From: Councillor Suzie Morley Cabinet Member for Assets and Investments	Report Number: CMU10
To: Council	Date of meeting: 23 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 May

Company Activities MSDC (Suffolk Holdings) Limited, CIFCO Capital Limited, Gateway 14 Ltd and Mid Suffolk Growth Limited

- 3.1 The Board of MSDC (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, a presentation in respect of the development delivery model for Gateway 14, Mid Suffolk Growth updates and reviewed the company risk register. It has also approved Gateway 14's business goals and the proposed delivery partner/model for the development of Gateway 14's landholdings. The Council as ultimate shareholder will be asked to approve the model and partner in February.
- 3.2 MSDC (Suffolk Holdings) Ltd has also adopted a new Code of Conduct for Company Directors, which sets out the responsibilities and expectations for all directors and seeks to embed the Councils' values within all our companies.
- 3.3 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.
- 3.4 Mid Suffolk Growth has focused its efforts on the redevelopment of the former Mid Suffolk Council HQ site in Needham Market. The first phase, comprising approximately 30 units of social and market housing and a new convenience store, has been fully designed and tendered. The preferred contractor has been selected and works are due to start on site in February this year. In addition, Mid Suffolk Growth completed the design of the new visitor centre at Needham Lakes and submitted a planning application, which was approved by committee in December.

- 3.5 Gateway 14 Limited have completed their negotiations with the preferred development partner and instructed solicitors to negotiate the development management agreement (subject to Council consent being obtained). The board has issued a further Farm Business Tenancy for the land holdings to ensure that it is well maintained prior to development commencing on site. It has also instructed UKPN to commence the detailed design for the power connection to the Stowmarket East site.

Strategic Asset Management

- 3.6 A planning application was submitted and subsequently approved in December for the change of use of approximately 2/3rds of the former Aldi premises at Gipping Way, in Stowmarket. The tenant is due to complete the agreement for lease in January with works commencing early in the New Year. It is anticipated that the gym will be open and trading in the spring.
- 3.7 The lease of the proposed convenience store at the former HQ site in Needham Market is due to complete by the end of January.

4. Future Key Activities

Company Activities MSDC (Suffolk Holdings) Limited, CIFCO Capital Limited, Mid Suffolk Growth Limited and Gateway 14 Limited.

- 4.1 MSDC (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, the commencement of development works by Mid Suffolk Growth and the appointment of a delivery partner and development of delivery strategies for Gateway 14 Limited. 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 Mid Suffolk Growth Ltd will be focusing on the delivery of the HQ site in Needham Market with an expectation of works commencing on site in February/March 2020. Mid Suffolk Growth will be progressing its development pipeline of development sites for the future to meet its aspirations to develop 200 homes over the next 3 years.

Strategic Asset Management

- 4.4 Oversee the works to the Former Aldi building in Stowmarket and commence marketing of the remaining 1/3 of the premises.
- 4.5 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.

- 4.6 Agree a strategy for the long-term use of the Former Natwest building in Stowmarket.
- 4.7 Work with Stowmarket Sports and Social CIC (incorporating the Football Club) and the adjacent landowner to restructure their lease arrangements to enable the Football club to secure further funding from the Football Association for on site works.
- 4.8 Identify opportunities to acquire land for residential development within the district to support the social housing programme and Mid Suffolk 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.