

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, 27 June 2022

PRESENT:

Councillors:	Melanie Barrett	Terence Carter
	James Caston	Siân Dawson
	Kathryn Grandon	John Hinton (Co-Chair)
	Barry Humphreys MBE	David Muller
	Adrian Osborne	Keith Scarff
	Keith Welham (Co-Chair)	

In attendance:

Councillor(s): David Busby – Cabinet Member for Finance, Assets and Investments
Peter Gould – Cabinet Member for Assets and Investments
Rick Meyer - Director of CIFCO

Witness(es): Sir Christopher Haworth - Chair of the Board of Directors for CIFCO CAPITAL LTD.
Neville Pritchard – Director, Capital Markets JLL (Jones Lang LaSalle)
Helen Rumsey – Partner- Ensors

Officers: Director – Assets and Investment (EA)
Director - Corporate Resources (ME)
Corporate Manager Council Companies (HB)
Deputy Monitoring Officer (JR)
Senior Governance Officer (HH)
Governance Officer (BW)

Apologies:

Paul Ekpenyong
Robert Lindsay

1 DECLARATION OF INTERESTS

1.1 Councillor John Hinton declared an Other Registerable Interest as Director of BDC (Suffolk Holdings) Ltd. However, the Monitoring Officer granted him dispensation.

2 JOS/22/1 TO CONFIRM THE MINUTES OF THE MEETING HELD ON 25 APRIL 2022

It was RESOLVED: -

That the minutes of the meeting held on the 25 of April 2022 be confirmed as

true record.

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

None received.

4 QUESTIONS BY THE PUBLIC

None received.

5 QUESTIONS BY COUNCILLORS

None received.

6 JOS/22/2 CAPITAL INVESTMENT FUND COMPANY ('CIFCO CAPITAL LTD') BUSINESS TRADING AND PERFORMANCE REPORT

6.1 Councillor David Busby introduced the report to the Committee including outlining that the value of the portfolio had risen over the previous year, that there had been greater investment in improving sustainability of the properties within the portfolio, and that the councils had received £3.75 million in income over the previous year.

6.2 The Director - Assets and Investments and Christopher Haworth presented a summary of the Business Plan to Members including the purpose of the Business Plan, the split of the portfolio between sectors, the Key Performance Indicators (KPI) for the next year, the Councils income for the previous year, and refurbishment that had been undertaken in properties over the last year.

6.3 Councillor Grandon questioned whether, in a changed marketplace following the pandemic, the balance of the portfolio was suitable going forward. Christopher Haworth responded that whilst the retail sector had struggled, retail warehousing had a rise in demand. Also, there had still been a demand for office space despite the rise in working from home. Neville Pritchard added that as the portfolio was balanced, where one sector may be in decline it was balanced out by other sectors.

6.4 Councillor Muller queried how arrears were dealt with. The Director for Assets and Investment responded that tenant engagement had been the most effective method, when dealing with arrears, as it gave reminders to the tenant and allowed for the set up of payment plans where necessary. In cases where this had not worked other methods, such as bailiffs, had been used.

6.5 Councillor Scarff questioned what the equivalent yield had been based on. The Director - Assets and Investments responded that it was a benchmark that had been used across the industry and reflected market conditions.

6.6 Councillor Barrett questioned whether CIFCO had been using grants and

additional funding for sustainability updates. The Director for Assets and Investment responded that where possible external funding would be used, options such as solar panels that gave a return would also be considered.

6.7 Members asked questions on the improvements to EPC (Energy Performance Certificate) ratings of properties and how these would be achieved, whether tenants' needs were considered during the improvement process, and whether there were short term targets ahead of the 2027 goal. The Director for Assets and Investments responded to these questions stating that there was currently £50,000 allocated in the budgets for improvements, and when tenants carried out their own refurbishments, suggestions were made by CIFCO on ways that sustainability could be improved. Additionally, EPC assessors took tenants needs into account when suggesting improvements. Lastly whilst there were no intermediate targets for improvements, progress would be monitored annually.

6.8 Councillor Welham questioned why the interest paid was different for both Councils. The Director - Assets and Investment responded that due to the different borrowing strategies of the Councils there were different interest rates, therefore the cost of debt was different.

6.9 Members debated whether the Business Plan should continue to be reported to Full Council following scrutiny by the Committee, or whether the Committee should only refer the Business Plan to Full Council if they were not satisfied with the performance.

6.10 Councillor Barry Humphreys proposed the recommendation as follows:

6.11 That the Overview and Scrutiny Committee recommend to Full Council that future CIFCO business plans are scrutinised by the Councils' Joint Overview & Scrutiny Committee and only reported to Council if the Committee is not satisfied with the Company's business plan and performance.

6.12 Councillor David Muller seconded this motion.

By 5 votes for and 6 votes against.

The motion was lost.

6.13 Councillor John Hinton proposed the recommendation as follows:

6.14 That the Overview and Scrutiny Committee recommend to Full Council that future CIFCO business plans continue to be scrutinised by the Councils' Joint Overview & Scrutiny Committee and then reported to Council.

6.15 Councillor Sian Dawson seconded this motion.

By 6 votes for, 4 votes against, and 1 abstention.

It was RESOLVED: -

That the Overview and Scrutiny Committee recommend to Full Council that future CIFCO business plans continue to be scrutinised by the Councils' Joint Overview & Scrutiny Committee and then reported to Council.

6.16 Councillor Kathryn Grandon proposed the following recommendations:

6.17 That the Joint Overview and Scrutiny committee notes the CIFCO Business Plan and Business Trading and Performance and ask that the minutes of this meeting be taken into account at Full Council.

6.18 That the Joint Overview and Scrutiny Committee is satisfied that the CIFCO Business Plan and Business Trading and Performance is robust for 2022 – 2023

6.19 Councillor Terence Carter seconded the motion.

By a unanimous vote.

It was RESOLVED: -

That the Joint Overview and Scrutiny committee notes the CIFCO Business Plan and Business Trading and Performance and ask that the minutes of this meeting be taken into account at Full Council.

That the Joint Overview and Scrutiny Committee is satisfied that the CIFCO Business Plan and Business Trading and Performance is robust for 2022 – 2023

6.20 Members considered paragraph 2.2 in the report:

The Business Plan has been approved by the Holding Companies and we seek the Councils' Joint Overview and Scrutiny Committee to consider whether:

- *the current performance of CIFCO delivers good value to the Councils*
- *the KPIs are appropriate measures of performance*
- *the business plan is robust and appropriate for the next 12 months*
- *there is sufficient confidence in the management of CIFCO*

6.21 Councillor James Caston proposed that the Joint Overview and Scrutiny Committee approves the statement as detailed in paragraph 2.2 in the report.

6.22 Councillor Barry Humphreys seconded the motion.

By a unanimous vote.

It was RESOLVED: -

That the Joint Overview and Scrutiny Committee approves the statement as detailed in paragraph 2.2 in the report.

6.23 A short comfort break was taken between 12:15 pm – 12:20 pm.

7 JOS/22/3 OVERVIEW AND SCRUTINY COMMITTEE ACTION TRACKER

The Overview and Scrutiny Committee Action Tracker was noted.

8 JOS/22/4 FORTHCOMING DECISIONS LIST

The Forthcoming Decisions List was noted.

9 JOS/22/5 BABERGH OVERVIEW AND SCRUTINY WORK PLAN

The Babergh Overview and Scrutiny Work Plan was noted.

10 JOS/22/6 MID SUFFOLK OVERVIEW AND SCRUTINY WORK PLAN

The Mid Suffolk Overview and Scrutiny Work Plan was noted.

11 RESOLUTION TO EXCLUDE THE PUBLIC (WHICH TERM INCLUDES THE PRESS)

12 JOS/22/2 CONFIDENTIAL APPENDIX C - CIFCO CAPITAL LTD BUSINESS AND INVESTMENT PLAN 2022-23

Note: Members' questions and debate did not necessitate that the meeting went into closed session.

The business of the meeting was concluded at 12:25 pm.

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Chair