

<b>TO:</b>	<b>BDC COUNCIL</b>	<b>Appendix E to Paper BC/22/27</b>
<b>FROM:</b>	<b>Joint Overview and Scrutiny Committee</b>	<b>DATE OF MEETING: 25 October 2022</b>
<b>OFFICER:</b>	<b>Henriette Holloway Senior Governance Officer</b>	<b>KEY DECISION REF NO. N/A</b>

**COUNCIL IS ASKED TO CONSIDER THE RECOMMENDATIONS BELOW FROM THE JOINT OVERVIEW AND SCRUTINY COMMITTEE HELD ON 27 JUNE 2022**

**RECOMMENDATIONS TO COUNCIL**

- 1. 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.**
- 2. 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.**
- 3. That the Joint Overview and Scrutiny Committee is satisfied that the CIFCO Business Plan and Business Trading and Performance is robust for 2022 – 2023.**
- 4. That the Joint Overview and Scrutiny Committee approves the statement as detailed in paragraph 2.2 in the report.**

**APPENDICES**

<b>Title</b>	<b>Location</b>
Draft Minute from the Joint O&S Committee	Attached

## **DRAFT MINUTE RELATING TO THE RECOMMENDATION TO COUNCIL FROM THE JOINT OVERVIEW AND SCRUTINY COMMITTEE HELD ON 27 JUNE 2022**

### **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.