

**DRAFT MINUTE FROM THE JOINT OVERVIEW AND SCRUTINY COMMITTEE HELD ON 21 AUGUST 2023****18 JOS/28/08 CIFCO PERFORMANCE REPORT (2022/23) AND BUSINESS PLAN (2023/24)**

- 18.1 Councillor John Ward, Babergh's Cabinet Member for Finance, Assets, and Investments, introduced the item to the Committee.
- 18.2 Emily Atack, Director for Assets and Investments, presented the item to the Committee outlining before Members the purpose of the business plan, the structure of the trading companies, an overview of the UK property market, the CIFCO property investment portfolio, the five-year cashflow forecast, the CIFCO Board key performance indicators (KPIs), an overview of the 2023/24 business plan, the Energy Performance Certificate (EPC) improvement plan, an overview of deferred debt repayments, and introduced Henry Cooke (CIFCO Capital) and Neville Pritchard (JLL) to the Committee.
- 18.3 Councillor Grandon queried the decision to stop purchasing properties and questioned if this was a "firm" decision. The Director for Assets and Investments responded that there was no funding available for further acquisitions by CIFCO as this phase was completed in 2021.
- 18.4 Councillor Scarff queried whether the KPIs and targets set out in the business plan were too low. The Director for Assets and Investments responded that the KPIs were reasonable with the current market uncertainty and that the EPC targets were aligned to legislation.
- 18.5 Councillor Scarff further questioned about EPC ratings and how quickly the improvement plan could be actioned to achieve "B" ratings across the board. The Director for Assets and Investments responded that the outset ambition was to achieve a "B" rating for all properties and that the costs of improving to both a "C" and a "B" were looked at in the view of determining what would provide the most return. The Director further responded that there were long-term plans that supported achieving these ratings as quickly as possible.
- 18.6 Councillor Caston questioned who makes the decision to defer certain debt repayments. The Director for Assets and Investments responded that the power to defer debt repayments was decided upon by Full Council in 2020 for a three-year period. The Director further responded that since this period, it has been decided upon by the CIFCO Board whether to implement the deferred payments each financial year.
- 18.7 Councillor Jamieson queried which assets could be sold to provide the best financial return. The Director for Assets and Investments responded that this was something that was considered on a regular basis by the Board throughout the year due to constant changes in the values of the assets.
- 18.8 Councillor Jamieson further questioned whether the EPC Improvement Plan would come at additional cost to the Councils. The Director for Assets and Investments responded that the expenditure from making these improvements would not come out of the Councils' budgets and that no more investment from the Councils into CIFCO can be made.

18.9 Councillor Warboys questioned how much of the Councils' short term borrowing debt was attributed to CIFCO. Melissa Evans, the Director for Corporate Resources, responded that 9% of borrowing in Babergh and 19% of borrowing in Mid Suffolk is related to CIFCO.

18.10 Councillor Row queried what potential there was for CIFCO to reach net-zero earlier than 2030. The Director for Assets and Investments responded that this would be evaluated once CIFCO had carried out an EPC assessment for the entire portfolio.

18.11 Councillor Riley questioned if the reduction in arrears over the last business year were attributed to a single tenant or distributed across the portfolio. The Director for Assets and Investments responded that these arrears were contributed to by a collection of tenants.

18.12 Councillor McLaren queried the cost to the organisation of working with eight different corporate partners. The Director for Assets and Investments responded that all partners were paid by CIFCO from the income from the portfolio and that the running costs equated to approximately £700,000.

18.13 Members debated the item on the following issues:

- Relying on a loan-based income stream
- The proposed EPC Improvement Plan
- Impacts on the commercial property market
- The increase in value of assets
- Deferred debt repayments, arrears, and the impact on Council finances
- Sustainability and reaching net-zero

18.14 The Lead Officer for Overview and Scrutiny put forward the following recommendation based on the questions and debate from Members:

- That the Joint Overview and Scrutiny Committee notes the CIFCO Business Trading and Performance Report and asks that the minutes of the meeting be taken into account when CIFCO is next considered at Full Council.

18.15 Councillor Caston proposed the recommendation as read out by the Lead Officer.

18.16 Councillor Row seconded the proposal.

By a unanimous vote

**It was RESOLVED:**

**That the Joint Overview and Scrutiny Committee notes the CIFCO Business Trading and Performance Report and asks that the minutes of the meeting be taken into account when CIFCO is next considered at Full Council.**