

Council

Date: Friday 25th March 2022

Time: 11.00 am

Venue: Brunswick Room - Guildhall, Bath

To: All Members of the Council

Dear Member

You are invited to attend a meeting of the **Council** on **Friday 25th March 2022** in **Brunswick Room - Guildhall, Bath.**

The agenda is set out overleaf.

Yours sincerely



Jo Morrison
Democratic Services Manager
for Chief Executive

Jo Morrison

Democratic Services

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NOTES:

1. **Inspection of Papers:** Papers are available for inspection as follows:

Council's website: <https://democracy.bathnes.gov.uk/ieDocHome.aspx?bcr=1>

2. **Details of decisions taken at this meeting** can be found in the minutes which will be circulated with the agenda for the next meeting. In the meantime, details can be obtained by contacting as above.

3. Recording at Meetings:-

The Openness of Local Government Bodies Regulations 2014 now allows filming and recording by anyone attending a meeting. This is not within the Council's control. Some of our meetings are webcast. At the start of the meeting, the Chair will confirm if all or part of the meeting is to be filmed. If you would prefer not to be filmed for the webcast, please make yourself known to the camera operators. We request that those filming/recording meetings avoid filming public seating areas, children, vulnerable people etc; however, the Council cannot guarantee this will happen.

The Council will broadcast the images and sounds live via the internet www.bathnes.gov.uk/webcast. The Council may also use the images/sound recordings on its social media site or share with other organisations, such as broadcasters.

4. Public Speaking at Meetings

The Council has a scheme to encourage the public to make their views known at meetings. They may make a statement relevant to what the meeting has power to do. They may also present a petition or a deputation on behalf of a group.

Advance notice is required not less than two full working days before the meeting. This means that for meetings held on Thursdays notice must be received in Democratic Services by 5.00pm the previous Monday.

The Council now has a maximum time limit for this, so any requests to speak cannot be guaranteed if the list is full.

Further details of the scheme can be found at:

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=12942>

5. Emergency Evacuation Procedure

When the continuous alarm sounds, you must evacuate the building by one of the designated exits and proceed to the named assembly point. The designated exits are signposted. Arrangements are in place for the safe evacuation of disabled people.

6. Supplementary information for meetings

Additional information and Protocols and procedures relating to meetings

<https://democracy.bathnes.gov.uk/ecCatDisplay.aspx?sch=doc&cat=13505>

Council - Friday, 25th March, 2022

at 11.00 am in the Brunswick Room - Guildhall, Bath

A G E N D A

1. EMERGENCY EVACUATION PROCEDURE

The Chair will draw attention to the emergency evacuation procedure as set out under Note 5.

2. APOLOGIES FOR ABSENCE

3. DECLARATIONS OF INTEREST

At this point in the meeting declarations of interest are received from Members in any of the agenda items under consideration at the meeting. Members are asked to complete the green interest forms circulated to groups in their pre-meetings (which will be announced at the Council Meeting) to indicate:

(a) The agenda item number in which they have an interest to declare.

(b) The nature of their interest.

(c) Whether their interest is **a disclosable pecuniary interest** *or* an **other interest**, (as defined in Part 2, A and B of the Code of Conduct and Rules for Registration of Interests)

Any Member who needs to clarify any matters relating to the declaration of interests is recommended to seek advice from the Council's Monitoring Officer or a member of his staff before the meeting to expedite dealing with the item during the meeting.

4. MINUTES - 16TH FEBRUARY 2022 (Pages 7 - 12)

To be confirmed as a correct record and signed by the Chair.

5. ANNOUNCEMENTS FROM THE CHAIR OF THE COUNCIL OR FROM THE CHIEF EXECUTIVE

These are matters of information for Members of the Council. No decisions will be required arising from the announcements.

6. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

If there is any urgent business arising since the formal agenda was published, the Chair will announce this and give reasons why it has been agreed for consideration at this meeting. In making this decision, the Chair will, where practicable, have consulted with the Leaders of the Political Groups. Any documentation on urgent business will be circulated at the meeting, if not made available previously.

7. QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM THE PUBLIC

The Democratic Services Manager will announce any submissions received. The

Council will be invited to decide what action it wishes to take, if any, on the matters raised in these submissions. As the questions received and the answers given will be circulated in written form there is no requirement for them to be read out at the meeting. The questions and answers will be published with the draft minutes.

8. AEQUUS GOVERNANCE, STRUCTURE AND BUSINESS PLAN (Pages 13 - 130)

This report sets out proposals for changes to the Governance and Structure of the Council's wholly owned housing and development companies (Aequus Developments Ltd and Aequus Construction Ltd) to improve the efficiency and effectiveness of the arrangements based on actual experience since establishment of the companies over the past four years. The report also presents the Aequus Accounts for 2021/22 together with the Business Plan for 2021/22 to 2023/24.

9. CLIMATE EMERGENCY ANNUAL REPORT (Pages 131 - 150)

The Council declared a Climate Emergency in March 2019, committing to provide the leadership to enable Bath and North East Somerset to achieve carbon neutrality by 2030. An annual update is provided to Council.

10. APPOINTMENT OF INDEPENDENT PERSON & INDEPENDENT MEMBER (Pages 151 - 158)

This report invites the Council to appoint the Independent Person and an Independent Member with responsibility for supporting the Standards Committee.

11. COUNCILLOR ATTENDANCE - 6 MONTH RULE DISPENSATION (Pages 159 - 162)

This report considers councillor attendance, as Covid restrictions are lifted.

12. ANNOUNCEMENT OF CHAIR(MAN) AND VICE-CHAIR(MAN) DESIGNATE FOR 2022/23 (Pages 163 - 164)

The purpose of this report is to invite the Council to name a Councillor as Chair(man) of the Council (Designate) for the next Council Year beginning in May 2022 to assist in forward planning purposes. The Council, at its Annual Meeting, will still be required formally to elect a Councillor to be the Chair(man) of the Council for the forthcoming Council Year. Council may wish to indicate at this stage any intentions for the Vice Chair(man) position for 2022/23 or leave that until the Annual meeting.

13. CLEANING UP OUR RIVERS - MOTION FROM LIBERAL DEMOCRAT GROUP (Pages 165 - 168)

14. UKRAINIAN REFUGEES - MOTION FROM LABOUR GROUP (Pages 169 - 170)

15. QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM COUNCILLORS

The Democratic Services Manager will announce any submissions received. The Council will be invited to decide what action it wishes to take, if any, on the matters raised in these submissions. As the questions received and the answers given will be circulated in written form there is no requirement for them to be read out at the

meeting. The questions and answers will be published with the draft minutes.

The Committee Administrator for this meeting is Jo Morrison who can be contacted on 01225 394358.

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BATH AND NORTH EAST SOMERSET COUNCIL

MINUTES OF COUNCIL MEETING

Wednesday, 16th February, 2022

Present:- **Councillors** Rob Appleyard, Alison Born, Sally Davis, Kevin Guy, Duncan Hounsell, Shaun Hughes, Hal MacFie, Robin Moss, Lisa O'Brien, June Player, Vic Pritchard, Mark Roper, Richard Samuel, Alastair Singleton and Andy Wait

97 WELCOME & EMERGENCY EVACUATION PROCEDURE

The Chair welcomed everyone to the meeting and asked Jo to read out the emergency evacuation procedure.

98 DECLARATIONS OF INTEREST

The Monitoring Officer granted a general dispensation to all Councillors in respect of their payment of Council Tax and school governorships, in regard to item 8. A specific dispensation for the following interests declared by Councillors was also granted;

- Kevin Guy - Family business is a recipient of a covid relief grant
- Shaun Hughes - Family business is a recipient of a covid relief grant
- Lisa O'Brien - Family member in receipt of social services support.

99 MINUTES - 18TH NOVEMBER 2021

On a motion from Councillor Vic Pritchard, seconded by Councillor Kevin Guy, it was

RESOLVED unanimously that the minutes of 18th November 2021 be confirmed as a correct record and signed by the Chair.

100 ANNOUNCEMENTS FROM THE CHAIR OF THE COUNCIL OR FROM THE CHIEF EXECUTIVE

The Chair informed the meeting that a minute's silence had been held at the virtual Council meeting on 15th February to mark the recent death of former councillor, Chairman and Mayor of Bath, Ian Gilchrist.

101 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIR

The Chair made the following announcement;

Councillors will be aware that a note was sent out yesterday with a revised link to the amended Local Council Tax Support scheme, highlighting that some minor changes

to the scheme were necessary to reflect that the recently announced £150 Energy Bills Rebate payments are not to be taken into account when determining eligibility for council tax reductions under the scheme.

102 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM THE PUBLIC

There were no statements made at this meeting, although the statements made at the virtual meeting on 15th February 2022 were noted;

<https://democracy.bathnes.gov.uk/documents/g6161/Public%20minutes%2015th-Feb-2022%2018.30%20Council.pdf?T=11>

103 BUDGET AND COUNCIL TAX 2022/23 AND FINANCIAL OUTLOOK

The Council considered a report presenting the revenue and capital budgets together with proposals for Council Tax and Adult Social Care Precept for 2022/23.

On a motion from Councillor Richard Samuel, seconded by Councillor Kevin Guy, it was

RESOLVED that

The Council approves-

- a) The General Fund net revenue budget for 2022/23 of **£126.74m** and the individual service cash limits for 2022/23 as outlined in Annex 1.
- b) The savings and income plans outlined in the revised Annex 2(i) that had been circulated following agreement at Cabinet, funding requirements 2(ii), in conjunction with the Equalities Impact Assessment Report in Annex 3.
- c) An increase in Council Tax of 1.99% in 2022/23 (an increase of £30.44 per Band D property or 59p per week).
- d) An increase of 1% to Council Tax for the Adult Social Care Precept is approved in recognition of the current demands and financial pressures on this service. This is equivalent to an increase of £15.29 on a Band D property (29p per week).
- e) The movement in reserves outlined in section 5.6 and the adequacy of Un-earmarked Reserves at £12.58m within a risk assessed range requirement of £11.9m - £13.2m.
- f) The Efficiency Strategy attached at Annex 4.
- g) The Capital Programme for 2022/23 of £96.064m including new and emerging capital bids outlined in Annex 5(i), planned sources of funding in 5.8.2, and notes the programme for 2022/23 to 2026/27 and that any wholly funded projects coming forward during the year will be added to the Capital Programme in line with the Budget Management Scheme.

- h) The delegation of implementation, subject to consultation where appropriate, of the capital programmes set out in Annex 5(i) to Annex 5(iv) to the relevant Director in Consultation with the appropriate Portfolio Holder.
- i) The Community Infrastructure Levy (CIL) allocations and amendments outlined in Annex 5(v).
- j) The Capital & Investment Strategy attached at Annex 6.
- k) The MRP Policy attached at Annex 7.
- l) The Establishment and funding of a Business Change Hub outlined in 5.2.6.
- m) The Capital Prudential Indicators outlined in 5.8.7.
- n) The Annual Pay Policy Statement at Annex 8.
- o) The Community Contribution Fund pilot 12-month extension outlined section 5.5.
- p) The Council Tax Support Scheme for 2022/23 shown in the below link, and referred to in 5.3.4

<https://beta.bathnes.gov.uk/sites/default/files/2022-02/Bath%20%26%20NE%20Someset%20S13A%20202223%20FINAL1.0.pdf>

- 2.2 That the Council approves the technical resolutions that are derived from the budget report, and all the figures in that report, including the precepts for towns, parishes and other precepting bodies as set out in Annex 11.
- 2.3 That the Council note the S151 Officer's report on the robustness of the proposed budget and the adequacy of the Council's reserves outlined in 5.7.
- 2.4 That the Council note the budget consultation responses in Annex 10.

[Notes;

- 1. *The above successful resolution was carried on a named vote;*

Councillors in favour (9); - Councillors Rob Appleyard, Alison Born, Kevin Guy, Duncan Hounsell, Hal McFie, Mark Roper, Richard Samuel, Alastair Singleton, Andy Wait.

Councillors against (2); - Councillors Shaun Hughes, June Player.

Councillors abstaining (4); - Councillors Sally Davis, Robin Moss, Lisa O'Brien, Vic Pritchard.

104 TREASURY MANAGEMENT STRATEGY STATEMENT 2022/23

The Council considered a report requiring approval of a treasury management strategy before the start of each financial year, fulfilling the Authority's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

On a motion from Councillor Richard Samuel, seconded by Councillor Andy Wait, it was unanimously

RESOLVED to

1. Approve the actions proposed within the Treasury Management Strategy Statement.

105 LAND AT MANOR ROAD, WRITHLINGTON

The Council considered a report seeking delegated authority to take the decision-making powers from Mendip District Council for a planning application for approximately 35 houses and new access from the A362 which is located within the Mendip area on the edge of the B&NES district.

On a motion from Councillor Richard Samuel, seconded by Councillor Kevin Guy, it was

RESOLVED unanimously;

1. to accept devolved decision-making powers for planning application 21/04509/OUT from Mendip District Council (Mendip ref. 2021/2268/OTS).

106 CORPORATE AUDIT COMMITTEE ANNUAL REPORT

The Council considered the annual report of the Corporate Audit Committee for the period July 2020 to December 2021. As part of its work, the Corporate Audit Committee resolved at its meeting on the 15th December 2021, to recommend to Full Council that they approve the use of Public Sector Audit Appointments Ltd to carry out the re-procurement of External Auditors to be appointed to B&NES Council for the 5-year period commencing 1st April 2023.

On a motion from Councillor Hal McFie, seconded by Councillor Richard Samuel, it was

RESOLVED unanimously that

1. The Annual Report of the Corporate Audit Committee is noted; and
2. To approve the use of Public Sector Audit Appointments Ltd (PSAA) to carry out the re-procurement of External Auditors to be appointed to B&NES Council for the 5-year period commencing 1st April 2023 and that the Council's Chief Financial Officer (S151) writes to PSAA to formally accept the invitation to opt into the national scheme before the deadline of Friday 11th March 2022.

107 AMENDMENTS TO THE CONSTITUTION - PROPORTIONALITY REVIEW

The Council considered a report requesting agreement to an amended proportionality table within the Constitution following a change in political group membership.

On a motion from Councillor Kevin Guy, seconded by Councillor Vic Pritchard, it was

RESOLVED unanimously to

1. Agree the revised political proportionality table, offering a place on the Climate Emergency & Sustainability Panel to the non-aligned Councillor, Cllr Dr Kumar.

108 QUESTIONS, STATEMENTS, PETITIONS AND DEPUTATIONS FROM COUNCILLORS

The Council noted the questions from Councillor Joanna Wright, and responses given, that had been circulated and added to the Council's website.

The Council also noted the statement from Cllr Dr Kumar which had been made at the virtual meeting on 15th February entitled 'Building Communities, Shared Dreams'; [-https://democracy.bathnes.gov.uk/documents/g6161/Public%20minutes%2015th-Feb-2022%2018.30%20Council.pdf?T=11](https://democracy.bathnes.gov.uk/documents/g6161/Public%20minutes%2015th-Feb-2022%2018.30%20Council.pdf?T=11)

The meeting ended at 11.09 am

Chair

Date Confirmed and Signed

Prepared by Democratic Services

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Bath & North East Somerset Council		
MEETING	Full Council	
MEETING	24 March 2022	
TITLE:	Aequus Group – Governance, Structure & Business Plan	
List of attachments to this report: Appendix 1 – Current Company Structure Appendix 2 – Proposed New Company Structure Appendix 3 – Amended Reserved Matters Schedule Appendix 4 – Aequus Accounts for 2021/22 Appendix 5 - Aequus Business Plan 2021/22 to 2023/24 Exempt by virtue of Local Government Act 1972 (amended Schedule 12A) Paragraph 3. Information relating to the financial or business affairs of any particular person (including the authority holding that information) Appendix 6 – Aequus Overview 2021		
All WARDS		

1 THE ISSUE

This report sets out proposals for changes to the Governance and Structure of the Council's wholly owned housing and development companies (Aequus Developments Ltd and Aequus Construction Ltd) to improve the efficiency and effectiveness of the arrangements based on actual experience since establishment of the companies over the past four years. The report also presents the Aequus Accounts for 2021/22 together with the Business Plan for 2021/22 to 2023/24.

2 RECOMMENDATION

The Council is asked to;

- 2.1 Approve the amendments to the Reserved Matters Schedule in the Shareholder Agreement within the Councils'. Protocol for Governance Arrangements of Local Authority Trading companies (Appendix 3).
- 2.2 Approve the changes to the Company Structure set out in Para 7, including the transfer within the corporate group of ADL and ACL, and the establishment of the holding company.
- 2.3 Delegate to the Council's Section 151 Officer the authority to confirm the final documentation required to complete the changes set out in Para 7 below and to determine the timing and implementation of the new company structure proposed. This will include authority for the Council's Section 151 Officer to provide shareholders approval for all legal, financial and corporate filing documentation to implement the new structure.
- 2.4 Note the ADL & ACL 2020/21 year end audited accounts (Appendix 4)
- 2.5 Approve the Aequus Business Plan 2021/22 to 2023/24 as attached at (Appendix 5.)

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 Section 7 of the Aequus Business Plan sets out the Company's financial assumptions and projections, including delivery against the Council's Medium Term Financial plan target of £1M of revenue returns each year.
- 3.2 Section 10 of the Aequus Business Plan sets out the resourcing arrangements of the company. All staff are now directly employed by Aequus Developments Ltd following the TUPE transfer of staff in February 2020. All such related costs are met directly by the company.

4 AEQUUS STATUTORY ACCOUNTS 2020/21

ADL Statutory Accounts 2020/21

- 4.1 The ADL Gross Profit before taxation for the year is £391,433. When you exclude the impact of the annual revaluation of the property portfolio and unrealised pension costs as a result of the international accounting standards the gross profit is £112,256. It should be noted that revaluations of the property portfolio do not create distributable profits. The assets are returned at nil cost to the Council at the end of their 50-year lease ensuring all capital appreciation is ultimately retained by the Council.
- 4.2 A total of £389k in capital payments were made to the Council during the year for refurbishment works carried out on 4 of the properties previously transferred. A total of £124K in revenue payments was also made for commercial interest on loan payments.

- 4.3 The year also saw the submission of the Phase 1 Commercial Estate repurposing proposals to the Council for consideration.
- 4.4 Full details of the company performance for the year are covered in the Directors Report on pages 2 to 4 of the ADL accounts (Appendix 4).

ACL Statutory Accounts 2020/21

- 4.5 The ACL Gross Profit before taxation for the year is just under £3.7m with Sales Income of £15.1m from Riverside View apartment sales completed during the financial year. Turnover reached over £15.7m including support to develop planning applications for sites for South Gloucestershire Council.
- 4.6 The profits were generated from the completion of 62 apartments at Riverside View as at 31 March 2021 in addition to a relevant margin on all other activities.
- 4.7 Revenue returns of £417K were provided to the Council predominantly from commercial interest payments on development loans. Approval for dividend payments will be sought following the changes to the company structure (see paragraph 2.2 above) and indicatively this will be a further £460K.
- 4.8 There were no new development sites transferred from the Council to ACL during the year however, work continued on the market acquired site at Sladebrook Road, Bath and the transfer of the site at 117 Newbridge Hill, Bath was approved.
- 4.9 Full Details of the company performance for the year are covered in the Directors Report on pages 2 and 3 of the ACL accounts (Appendix 4).

5 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 5.1 Aequus is a wholly owned B&NES group of companies, established by the Executive in accordance with the powers set out under S1 of the Localism Act 2011(the general power of competence). The Council approved a Transfer Agreement with Aequus in January 2020 which provides for the transfer of development sites from the Council to the Company, to support the delivery of the Shareholder objectives and subject to Shareholder approval of development business cases.
- 5.2 Haines Watts (financial advisers) and Ashfords (Legal advisers) are jointly instructed to advise the Aequus group of companies and the Council on the transactions proposed within this report on the basis that there is no conflict of interest.

6 AEQUUS GOVERNANCE ARRANGEMENTS

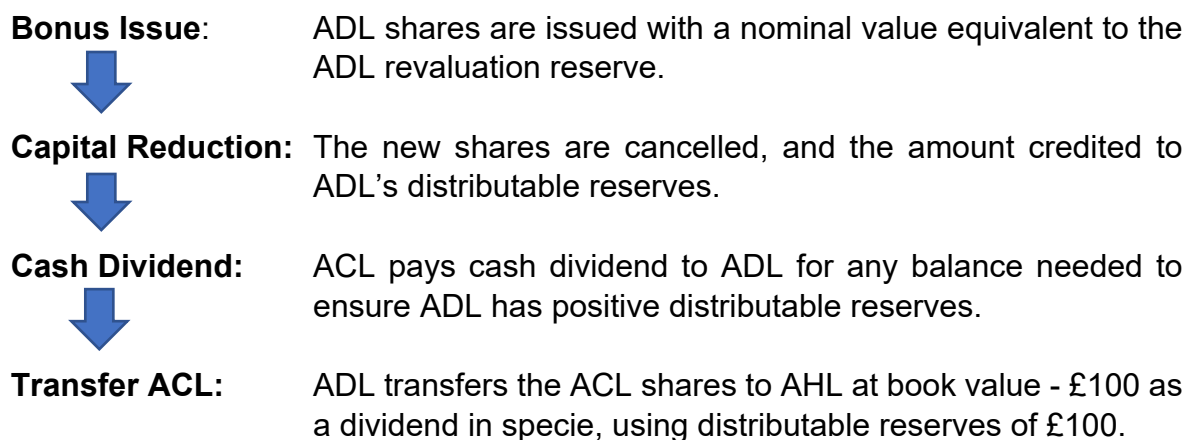
- 6.1 To remain consistent with the Councils accounts it is recommended that the Aequus annual accounts are reviewed by the Corporate Audit Committee with a timetable that is closely aligned with the preparation of the Councils accounts. The Shareholder Agreement already requires the Aequus Group to report 6 monthly to the Corporate Policy Development and Scrutiny Committee.

- 6.2 The changes proposed to the Reserved Matters schedule in the Shareholder Agreement simplify the shareholder approval requirements and avoid duplicate approval requirements where these have previously been approved as part of the approval of the annual business plan or in year amendments to it.

7 AEQUUS GROUP STRUCTURE

- 7.1 The current Aequus Group company structure set out at **Appendix 1** was established several years ago and, as the company has matured in terms of activity and finances, the current corporate structure gives rise to a number of issues as follows:
- i. ADL is effectively the current group holding company for ACL as well as operating as the staff employer and asset holding and rental company.
 - ii. ADL holds the LGPS accounting pension liabilities for transferred staff.
 - iii. ADL holds both accounting realised property asset losses and un-realised property gains.
 - iv. ADL will be the key vehicle for future Commercial estate repurposing activities and related risks.
 - v. ACL is the prime generator of dividend returns to the Council.
- 7.2 The current ADL role as holding company, its operational activities and risks, are not aligned to provide an efficient and effective corporate structure for the Shareholder. This also clouds the dividend line between ACL and the ultimate Shareholder – B&NES Council because, dividends cannot be paid directly from ACL to the Shareholder and must be paid by ACL to ADL, and by ADL to the Council, subject to both companies having sufficient distributable reserves.
- 7.3 Following discussions with legal and financial advisers, a simple change to the Company Structure is proposed to address the issues set out above. The new corporate structure proposal for Aequus is set out at **Appendix 2** and addresses the issues above whilst also providing more flexibility for the future should the company continue to develop its activities. It also importantly retains the existing Shareholder control and Teckal compliant structure.
- 7.4 All aspects of the governance and operations for the companies will remain unchanged with the current ADL Board also taking on the Board roles for AHL and ACL under the control of the Council. AHL will be a newly incorporated company with nominal share capital and its sole shareholder will be B&NES Council. AHL will be purely an investment holding company, holding the shares of both ACL and ADL. The only transactions through AHL will be dividends received from ACL (and also dividends from ADL when it has appropriate distributable reserves) which will then be paid on to the Council (subject to approval). If any costs are incurred these will be minimal and covered by the dividends received.
- 7.5 In order to implement this new structure, it is proposed to deliver this by transferring the shares of ACL from ADL to AHL at the nominal value of the ADL shares, and then transferring the shares of ACL from ADL to AHL by way of a “dividend in specie”. To do this it will be necessary for ADL to create in ADL a positive distributable reserve.

- 7.6 This is achieved by capitalising the current property revaluation reserve surplus of ADL by way of a bonus issue and capital reduction together with a small (circa £140K) cash dividend from ACL to ADL. The following flow chart sets out how this will work:



- 7.7 There are no direct costs to the Council arising from this exercise and, as soon as it is completed, ACL will be free to pay dividends to its direct shareholder AHL, which AHL can in turn pass on by way of dividend to its Shareholder (the Council), subject to both companies having sufficient distributable reserves at the relevant times, to ensure the Council achieves the total financial return target of £1M per annum.
- 7.8 The bonus issue, capital reduction and dividend will be documented by Board minutes, shareholder resolutions, and other ancillary documents and company secretarial steps. The Council will need to sign stock transfer forms for shares in ADL, and it may be advisable for it to sign a resolution approving the transaction as a whole. Other documents will need to be signed by the directors of the various companies.
- 7.9 Crucially, all directors of ADL would need to sign a solvency statement as part of the capital reduction. Accounts and other relevant information should be available to enable the directors to assess ADL's solvency over the next year. A solvency statement made without reasonable grounds carries criminal sanctions. The Councils Transfer Agreement dated 1st February 2020 with Aequus, will provide assurance to support this statement, together with the Aequus Business Plan included as a separate item with this report. Management accounts of ACL and ADL will also be used in connection with the dividends.
- 7.10 The Council is asked to agree this the approach set out in Para 7.1 to 7.9 above, with the detailed implementation and timing arrangements for this to be delegated to the S151 Officer. The implementation will be supported by the Aequus Managing Director and jointly appointed financial and legal advisers – Haines Watts and Ashfords.

8 AEQUUS BUSINESS PLAN 2021/22 TO 2023/24

- 8.1 Following consultation with the Shareholder and Council Officers aimed at ensuring the Draft Business Plan was developed to meet the Shareholder's current objectives and expectations for the Company, the proposed Aequus

Business Plan for 2021/22 to 2023/24 was approved by the Aequus Board on 9th December for recommendation to the Council/Shareholder for approval.

- 8.2 The Business Plan is a key document setting out the achievements of the companies together with “what” and “how” they will meet the specific aims and objectives set by the Shareholder going forwards.
- 8.3 The Shareholder appointed independent Board, uses this document to oversee the performance, activity and operations of the companies. Once approved by the Shareholder, the Board only need to come back for the Shareholder to seek approvals where the actions are not covered by the Business Plan or for certain important key decisions set out in the Shareholder Agreement (See Section 5 above).
- 8.4 Reflecting on the consultation responses received from the Shareholder and Council officers, the following key elements have been specifically included in the proposed Business Plan attached:
- A continued focus on commercial financial returns for the Council/Shareholder.
 - Supporting the Council in repurposing of its void commercial and corporate estate.
 - Supporting the Council in the delivery of affordable housing on Council owned and acquired land.
 - Supporting the Council to help deliver against the Climate Emergency through exemplar housing development sites.
 - Partnership working with South Gloucestershire Council via a Sales and Overage approach.
 - Recognising the key market delivery sites for B&NES in the medium term as being BWR East and Midland Road.
- 8.5 The Business Plan is constructed on the basis of ensuring a sustainable company to deliver the Shareholder objectives. The document has also reflected the approach to deliver the Company restructure set out in Section 6 above and delivering the £1M per annum of revenue financial returns to the Council/Shareholder.
- 8.6 The Council is asked to review and approve the Aequus Business Plan 2021/22 to 2023/24.

9 RATIONALE

- 9.1 The recommendation set out in Para 2.2 of this report will support the delivery and development of Aequus to enable it to best meet the Shareholder objectives set for the Company. The changes relating to governance and structure are supported by independent governance, financial and legal advice.

10 CLIMATE CHANGE

- 10.1 The Company aims set out by the Council Shareholder include the requirement to support the Council to meet its climate emergency objectives and best practice for property development. Section 6 of the Business Plan addresses how the company will do this in detail, including the use of the AECB Building Standard as the benchmark for all new Aequus housing developments.

11 CONSULTATION

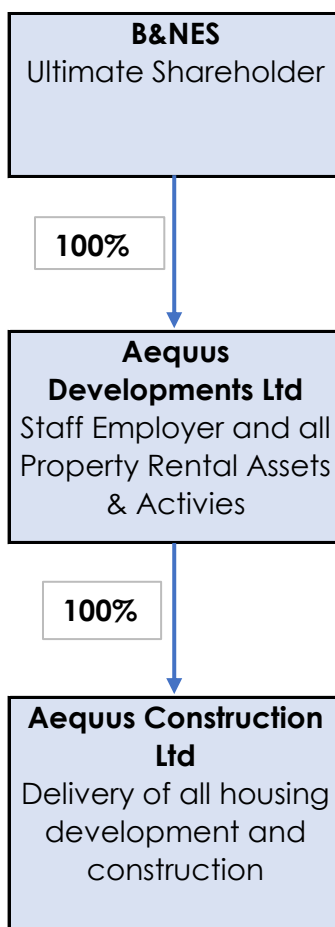
- 11.1 Consultation has taken place with the Statutory Officers and Cabinet Members.

12 RISK MANAGEMENT

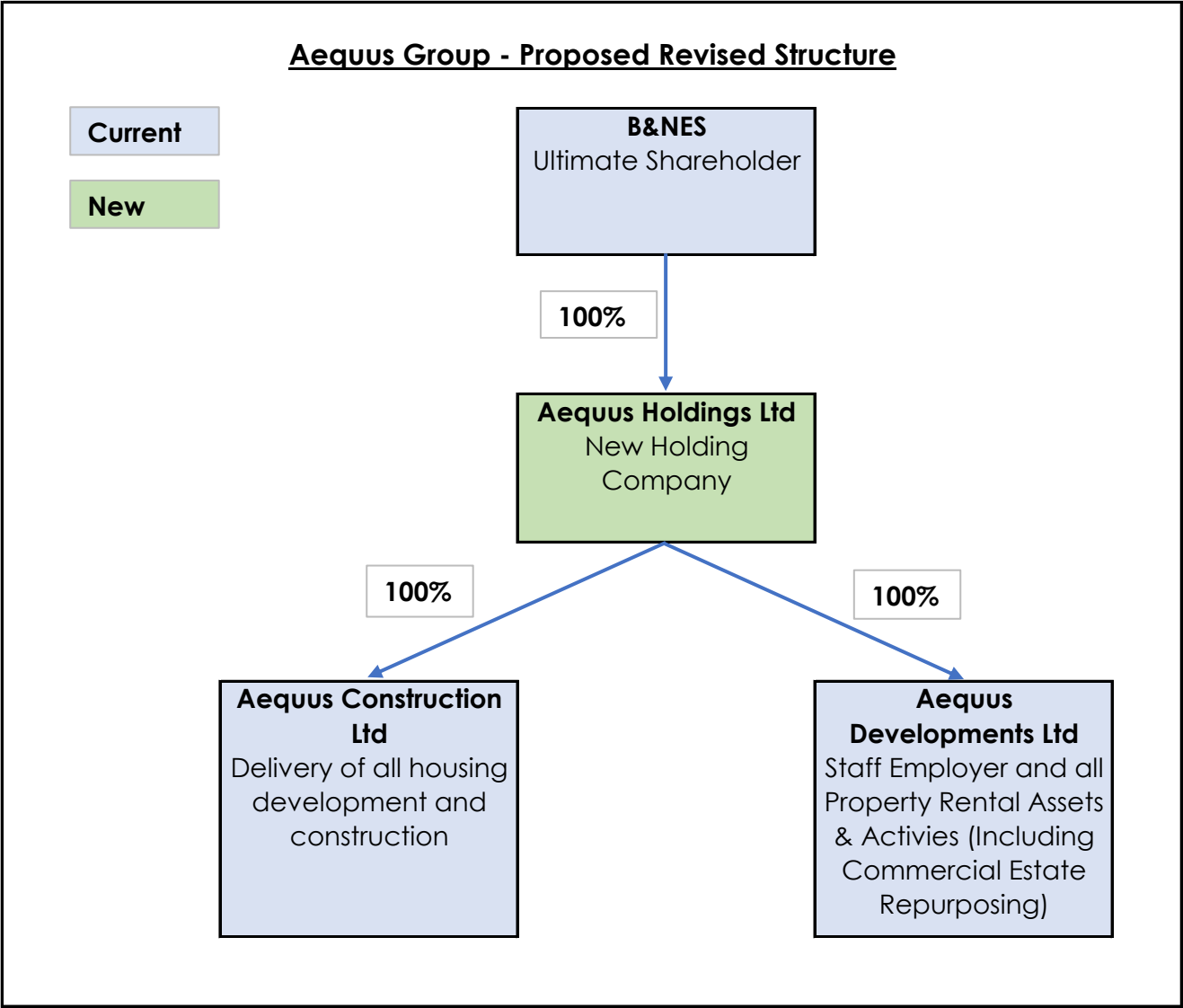
- 12.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance. The key dependencies in respect of the Business Plan are set out in Section 8 of the document.

Contact person	<i>Simon Martin, Director Housing & Regeneration</i>
Background papers	
Please contact the report author if you need to access this report in an alternative format	

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Aequus Group - Current Structure

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SCHEDULE 4– RESERVED MATTERS

Version: 02
Date in force: 24 March 2022

Reference to a "Company" shall be to the relevant Company (as appropriate).

No	Reserved Matter	Special Reserved Matters
	Constitution of the Company	
1.	Varying in any respect the articles or the rights attaching to any of the shares or memberships (as applicable) in the Company	
	Officers and shareholders of the Company	
2.	Appointing any Director other than a Council appointed Director and approving the terms of appointment (including any remuneration terms)	
3.	Removing any Director (including any terms on which a Director is removed from office as Director) other than Council appointed Directors	
4.	Admitting any further shareholders or members to the Company or agreeing any rights or restrictions attaching to any shares or memberships allocated to such new shareholders or members as applicable)	Referral to Cabinet
5.	Appointing or removing of the chair of the Board (except where the chair is absent in which case the Board shall appoint an alternate chair)	
	Future direction and development of the Company	
6.	Forming any subsidiary or acquiring shares in any other company or participating in any partnership or incorporated joint venture vehicle	
7.	Amalgamating or merging with any other company or business undertaking	Referral to Cabinet
8.	Selling or disposing of any part of the business of the Company	
9.	Adopting or amending the Business Plan of each respective Company and any in-year changes	
10.	Undertaking any business or action which is inconsistent with the Business Plan then in force or omitting to undertake any action which is required by that Business Plan	
11.	Passing any resolution for its winding up or presenting any petition for its administration (unless it has become insolvent).	Referral to Cabinet

No	Reserved Matter	Special Reserved Matters
12. ^{*1}	Agreeing or approving any other material services to be provided by the Company to a third party the total value of which the Board reasonably expects will exceed £250,000 but not exceed £500,000 per annum	
13.	Agreeing or approving any other material services to be provided by the Company to a third party the total value of which the Board reasonably expects will exceed £500,000 per annum	Referral to Cabinet
14. *	Appoint any agent (not being a subcontractor) to conduct the whole or any part of the business of the Company, other than the appointment of an agent to conduct an area of the business of a Company	
15.	Apply for the listing or trading of any shares in its issued capital or debt securities on any stock exchange or market (where applicable)	
16. *	Bidding for or entering into any contract for the delivery of works or services outside the administrative boundary of the Council	
	Management of the business of the Company	
17.	Changing the Company's registered office to an address outside the administrative boundary of the Council	
18.	Changing the Company's name	
19.	Creating or agreeing to create a charge, security or Encumbrance over the Company's assets, shares or income	
20. *	Approving any matter that is reasonably likely to have an adverse effect on the reputation of the Council	
21. *	Changing the nature of the business or commencing any new business which is not ancillary or incidental to the business of the Company	
22. *	Agreeing to enter into or entering into any acquisition or disposal of any material assets by the Company the total value of which the Board reasonably expects will exceed £500,000 but not exceed £5,000,000 per annum	
23.	Agreeing to enter into or entering into any acquisition or disposal of any material assets by the Company the total value of which the Board reasonably expects will exceed £5,000,000 per annum	Referral to Cabinet
24. *	Giving notice of termination of any arrangements, contracts or transactions the total value of which the Board reasonably expects will exceed £500,000 but not exceed £1,000,000 per annum or materially varying any such arrangements, contracts or transactions and such termination or variation is likely to have an adverse impact on the financial status of a Company	

¹ For Reserved matters marked * there is no requirement to seek shareholder approval if the requirement has already been approved when adopting or amending the business plan or during any in year changes.

No	Reserved Matter	Special Reserved Matters
25.	Giving notice of termination of any arrangements, contracts or transactions the total value of which the Board reasonably expects will exceed £1,000,000 per annum or materially varying any such arrangements, contracts or transactions and such termination or variation is likely to have an adverse impact on the financial status of a Company	Referral to Cabinet
26. *	Granting rights (by licence or otherwise) in or over any intellectual property owned or used by the Company	
27. *	Changing the Company's auditors or bankers	
28.	Making any borrowing	
29.	Agreeing to make or making any loan (otherwise than by way of a deposit with a bank or other institution, the normal business of which includes the acceptance of deposits or in the ordinary course of business) or granting any credit (other than in the normal course of trading or the granting of trade credit to a Company which has been approved under the Business Plan) or giving any guarantee or indemnity (other than in the normal course of trading)	
30.	Changing the Financial Year of the Company	
31.	Increasing or reducing the amount of its issued share capital, grant any option over or in its share capital, redeeming or purchasing any of its own shares or otherwise altering, or effecting any reorganisation of, its share capital (where applicable)	
32.	Declaring or paying any end of year dividend of the Company (where applicable)	

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Report of the Directors and
Financial Statements
for the Year Ended 31 March 2021
for
Aequus Construction Limited

Contents of the Financial Statements
for the Year Ended 31 March 2021

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Aequus Construction Limited
Company Information
for the Year Ended 31 March 2021

DIRECTORS: D P E Quilter
T Richens

REGISTERED OFFICE: Guildhall
Bath
BA1 5AW

REGISTERED NUMBER: 10832066 (England and Wales)

Aequus Construction Limited

Report of the Directors for the Year Ended 31 March 2021

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of property development and construction.

REVIEW OF BUSINESS

It gives us great pleasure to present this Annual Report to the shareholder, showing the continued progress of the company.

ACL is as a wholly owned subsidiary of Aequus Developments Limited (ADL), established to deliver the construction and development of sites for Bath & North East Somerset Council (the Council).

The separation of ADL and ACL allows them to focus on their differing businesses, taking advantage of the different areas of expertise of management and professional advisors, together with separating the risks associated with the specific areas of operation.

Operational progress: during the year, 2020/21 has been hugely successful with the sale of 62 Riverside View apartments completed during the year bringing the total to 83 completions as at the 31st March 2021, leaving 12 apartments reserved remaining.

Our second development at Sladebrook Road, Bath is progressing well and the site will deliver 9 low energy family homes on a site acquired from the market. Two of the properties will be acquired by the Council for affordable shared ownership. The show home will be finished by the end of August 2021 and Gregorys our sales agent will be marketing the properties with considerable interest already registered.

We also completed the transfer of 117 Newbridge Hill, Bath from the Council at the end of May 2021. The property is now undergoing refurbishment to create 6 apartments including at least two affordable units for the Council.

As a group of companies, we are now working with our Shareholder to develop a housing pipeline that meets the shareholder's objectives for the company going forwards and anticipate an updated Business Plan being brought forward in Autumn 2021.

We have continued discussions with South Gloucestershire Council, working in partnership to support future developments in their area. Following approval by the South Glos Cabinet in July 2021, we are now progressing a number of sites in accordance with the agreed partnership approach.

COVID-19 Pandemic has had unprecedented impact on business and the economy nationally. The lockdowns experienced during the last 12 months have had limited impact on our business from a construction and property sales perspective. As we move out of the pandemic however, the shortage of material and labour in the market has slowed down our ability to progress development activity. These impacts are currently being managed and the companies have detailed actions and plans in place to deal with the issues arising.

Future, specific risks, including housing market risk, related to the long-term impact of COVID-19 for the companies are being reviewed on a regular basis by the Board and included in regular update briefings provided to the Shareholder.

The total turnover of ACL for 20/21 was £15,710,530 (2020: £5,531,861), this includes sales of Riverside View apartments of £15,119,750 (2020: £4,722,083) and Management Services of £590,780 (2020: £809,778).

The profit before tax is £3,653,341 (2020: £1,002,818), largely due to the profit on Riverside View apartments.

Revenue financial returns to the Council shows £415,593 (2020: £14,129) of interest and arrangement payments on loans.

Looking forwards, the Council target for revenue returns from ADL and ACL for 21/22 is £1,000,000. This will be met by anticipated interest returns, and potential dividend payments.

The ability of ADL and ACL to meet this target is largely dependent on the development pipeline; at this point we are encouraged by the performance of our existing developments and the work to secure this pipeline from the Council which, gives us confidence for the ongoing sustainability of the company.

We will continue to focus on the objectives set for the company by our Shareholder.

FUTURE DEVELOPMENTS

Information relating to events since the end of the year is given in the notes to the financial statements.

Report of the Directors
for the Year Ended 31 March 2021

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

D P E Quilter
T Richens

FINANCIAL INSTRUMENTS

Aequus Construction's financial risk management objectives and policies, including exposure to market risk, credit risk and liquidity risk are set out in note 17 to the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, MHA Monahans, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
T Richens - Director

Date: 20th Sept 2021

Report of the Independent Auditors to the Members of
Aequus Construction Limited

Opinion

We have audited the financial statements of Aequus Construction Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Report of the Independent Auditors to the Members of
Aequus Construction Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety, employment law and company legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements of the Company. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and taxation legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the audit engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding of management's internal controls designed to prevent and detect irregularities, and fraud;
- Reviewing the Company's legal costs to check for non-compliance with laws and regulations and fraud;
- Reviewing Board of Directors minutes;
- Review of tax compliance with the involvement of our tax specialists in the audit;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of expenses;
- Testing transactions entered into outside of the normal course of the Company's business; and
- Identifying and testing journal entries, in particular any journal entries with fraud characteristics such as journals with round numbers.

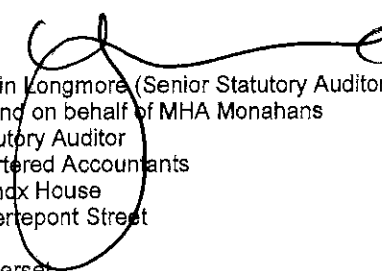
There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of
Aequus Construction Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Martin Longmore (Senior Statutory Auditor)
for and on behalf of MHA Monahans
Statutory Auditor
Chartered Accountants
Lennox House
3 Pierrepont Street
Bath
Somerset
BA1 1LB

Date: 23 September 2021

Aequus Construction Limited (Registered number: 10832066)

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 March 2021

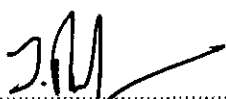
	Notes	2021 £	2020 £
CONTINUING OPERATIONS			
Revenue	3	15,710,530	5,531,861
Cost of sales		(11,596,712)	(4,051,823)
GROSS PROFIT		4,113,818	1,480,038
Other operating income		10,222	-
Administrative expenses		(450,344)	(450,113)
OPERATING PROFIT		3,673,696	1,029,925
Finance costs	5	(21,461)	(29,633)
Finance income	5	1,106	2,526
PROFIT BEFORE TAXATION	6	3,653,341	1,002,818
Taxation	7	(660,297)	(178,917)
PROFIT FOR THE YEAR		2,993,044	823,901
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,993,044	823,901

The notes form part of these financial statements

Statement of Financial Position
31 March 2021

	Notes	2021 £	2020 £
ASSETS			
NON-CURRENT ASSETS			
Owned			
Property, plant and equipment	8	4,680	12,511
Right-of-use			
Property, plant and equipment	8, 16	5,301	155,265
		<u>9,981</u>	<u>167,776</u>
CURRENT ASSETS			
Inventories	9	4,963,744	11,148,389
Trade and other receivables	10	272,597	154,673
Cash and cash equivalents	11	4,785,256	1,703,866
		<u>10,021,597</u>	<u>13,006,928</u>
TOTAL ASSETS		<u><u>10,031,578</u></u>	<u><u>13,174,704</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	12	100	100
Retained earnings	13	3,304,568	311,524
TOTAL EQUITY		<u>3,304,668</u>	<u>311,624</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	15	3,342,875	11,574,037
Deferred tax	18	889	2,377
		<u>3,343,764</u>	<u>11,576,414</u>
CURRENT LIABILITIES			
Trade and other payables	14	773,902	1,141,714
Financial liabilities - borrowings			
Interest bearing loans and borrowings	15	1,913,621	67,887
Tax payable		695,623	77,065
		<u>3,383,146</u>	<u>1,286,666</u>
TOTAL LIABILITIES		<u>6,726,910</u>	<u>12,863,080</u>
TOTAL EQUITY AND LIABILITIES		<u><u>10,031,578</u></u>	<u><u>13,174,704</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 20th Sept 2021 and were signed on its behalf by:


.....
T Richens - Director

The notes form part of these financial statements

Statement of Changes in Equity
for the Year Ended 31 March 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2019	100	(512,377)	(512,277)
Changes in equity			
Total comprehensive income	-	823,901	823,901
Balance at 31 March 2020	100	311,524	311,624
Changes in equity			
Total comprehensive income	-	2,993,044	2,993,044
Balance at 31 March 2021	100	3,304,568	3,304,668

The notes form part of these financial statements

Statement of Cash Flows
for the Year Ended 31 March 2021

	Notes	2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	9,805,554	(1,669,411)
Interest paid		(415,593)	(14,129)
Lease interest paid		(8,248)	-
Tax paid		(43,227)	-
Net cash from operating activities		<u>9,338,486</u>	<u>(1,683,540)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(5,092)	(3,858)
Interest received		1,106	2,526
Net cash from investing activities		<u>(3,986)</u>	<u>(1,332)</u>
Cash flows from financing activities			
New loans in the year		1,265,124	3,325,000
Loan repayments in year		(7,495,000)	-
Payment of lease liabilities		(23,234)	(31,481)
Net cash from financing activities		<u>(6,253,110)</u>	<u>3,293,519</u>
Increase in cash and cash equivalents		<u>3,081,390</u>	<u>1,608,647</u>
Cash and cash equivalents at beginning of year	2	1,703,866	95,219
Cash and cash equivalents at end of year	2	<u><u>4,785,256</u></u>	<u><u>1,703,866</u></u>

The notes form part of these financial statements

Notes to the Statement of Cash Flows
for the Year Ended 31 March 2021

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2021	2020
	£	£
Profit before taxation	3,653,341	1,002,818
Depreciation charges	34,337	33,986
Gain on lease modification	(3,767)	-
Finance costs	21,461	29,633
Finance income	(1,106)	(2,526)
	3,704,266	1,063,911
Decrease/(increase) in inventories	6,587,025	(3,138,741)
Increase in trade and other receivables	(117,924)	(17,362)
(Decrease)/increase in trade and other payables	(367,813)	422,781
Cash generated from operations	9,805,554	(1,669,411)

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2021

	31.3.21	1.4.20
	£	£
Cash and cash equivalents	4,785,256	1,703,866

Year ended 31 March 2020

	31.3.20	1.4.19
	£	£
Cash and cash equivalents	1,703,866	95,219

Notes to the Financial Statements
for the Year Ended 31 March 2021

1. STATUTORY INFORMATION

Aequus Construction Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Based on their assessment of the company's financial position, future performance, liquidity and risks, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next twelve months. Thus the company adopts the going concern basis of preparation for the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

There are no key accounting judgements (excluding estimates). The key estimates in drawing up the financial statements are accrued expenses and the allocation of costs to cost of sales and work in progress.

Allocation of costs to cost of sales - cost of sales is determined on the basis of the forecast cost of the project, allocated by the floor area of each individual unit sold.

Allocation of costs to work in progress - costs are allocated to work in progress on the basis that they will be realisable when transferred to cost of sales.

Changes in accounting policies

On 31 December 2020 EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. The financial statements will transition to UK-adopted international accounting standards for financial periods beginning 1 April 2021.

In the current financial year, the Company has adopted a number of minor amendments to standards effective in the year issued by the IASB, none of which have had a material impact on the company. These amendments include IAS 1 and IAS 8 - Definition of Material, and IFRS 3 - Definition of a Business.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. These amendments include amendments to IFRS 16, 'Leases' - Covid-19 related rent concessions, amendments to IAS 1, Presentation of financial statements on classification of liabilities, a number of narrow-scope amendments to IFRS 3, IAS 16 and some annual improvements on IFRS 1, IFRS 9 and IFRS 16 and narrow scope amendments to IAS 1, Practice statement 2 and IAS 8. The above amendments are not expected to have a significant impact on the Company's results.

Revenue recognition

The company's revenue derives principally from the sale of homes that it has built and it also provides management services to group undertakings.

Revenue from the sale of properties is recognised when control has been transferred to the purchaser. This generally occurs on completion. Revenue is measured at the fair value of consideration received or receivable for the property, net of discounts and VAT.

Revenue from providing services is recognised in the accounting period in which the services are rendered.

Deposits received for properties sold off plan are initially recognised at fair value and held as deferred income until completion of the property sale when they are recognised as income.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	- over period of lease
Motor vehicles	- 33% on straight line basis
Computer equipment	- 33% on straight line basis

Financial instruments

Debtors and creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

At the end of each reporting period, financial assets are assessed for impairment. Impairments and reversals of impairments are recognised in profit and loss.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Borrowings

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Cash and cash equivalents

Highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at cost.

Assets recognised from costs to fulfil a contract

Assets are recognised in relation to costs incurred in developing assets that will be used to fulfil future contracts. Contract assets are initially stated at cost or at the fair value at acquisition date and then held at the lower of this initial amount and net realisable value. Costs comprise direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Land is recognised in inventory when the significant risks and rewards of ownership have been transferred to the company.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on items that may become taxable in the future, or which may be used to offset against taxable profits in the future, on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes on an undiscounted basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and there is an intention to settle the balances on a net basis.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

2. ACCOUNTING POLICIES - continued

Leases

Lessees are required to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.

The lease liability is initially recognised at the present value of the lease payments which have not yet been made and subsequently measured under the amortised cost method. The initial cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability, lease payments made prior to the lease commencement date, initial direct costs and the estimated costs of removing or dismantling the underlying asset per the conditions of the contract.

Where ownership of the right-of-use asset transfers to the lessee at the end of the lease term, the right-of-use asset is depreciated over the asset's remaining useful life. If ownership of the right-of-use asset does not transfer to the lessee at the end of the lease term, depreciation is charged over the shorter of the useful life of the right-of-use asset and the lease term.

Borrowing costs

Borrowing costs are recognised on an accruals basis. Also included in borrowing costs is the amortisation of fees associated with the arrangement of financing.

Government grants

Government grant income in relation to the Covid-19 pandemic is accounted for under the accruals model and is recognised in the period in which it becomes receivable, shown in the income statement under other income, matched against expenditure incurred under the accruals concept.

3. REVENUE

Revenue from contracts with customers

All revenue was generated within the United Kingdom.

	2021	2020
	£	£
Property sales	15,119,750	4,722,083
Services and management fees	590,780	809,778
	<u>15,710,530</u>	<u>5,531,861</u>

The company derives revenue from the sale of properties recognised on the completion of the sales contract.

Contract balances

The company has not recognised liabilities related to contracts with customers this year end or in the previous year end.

4. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 March 2021 nor for the year ended 31 March 2020.

The average number of employees during the year was as follows:

	2021	2020
Directors	<u>2</u>	<u>2</u>
	2021	2020
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

5. NET FINANCE COSTS

	2021	2020
	£	£
Finance income:		
Deposit account interest	<u>1,106</u>	<u>2,526</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2021**

5. NET FINANCE COSTS - continued

	2021 £	2020 £
Finance costs:		
Loan interest	13,213	14,129
Leasing	8,248	15,504
	<u>21,461</u>	<u>29,633</u>
Net finance costs	<u>20,355</u>	<u>27,107</u>

6. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2021 £	2020 £
Cost of inventories recognised as expense	11,596,712	4,051,823
Depreciation - owned assets	12,923	11,226
Depreciation - assets on hire purchase contracts or finance leases	21,414	22,760
Auditors' remuneration	16,835	12,028
Auditors' remuneration for non audit work	5,977	2,910
	<u>11,653,861</u>	<u>4,100,747</u>

7. TAXATION

Analysis of tax expense

	2021 £	2020 £
Current tax:		
Tax	661,785	77,065
Deferred tax	(1,488)	101,852
Total tax expense in statement of profit or loss and other comprehensive income	<u>660,297</u>	<u>178,917</u>

Factors affecting the tax expense

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	2020 £
Profit before income tax	<u>3,653,341</u>	<u>1,002,818</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	694,135	190,535
Effects of:		
Disallowed expenses	-	85
Capital allowances in excess of depreciation	1,489	1,400
Changes to prior year charge	(33,839)	-
Losses utilised	-	(114,955)
Deferred tax on timing differences	<u>(1,488)</u>	<u>101,852</u>
Tax expense	<u>660,297</u>	<u>178,917</u>

The deferred tax expense in 2021 relates to the origination and reversal of temporary differences.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2021**

8. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 April 2020	165,169	12,856	33,677	211,702
Additions	-	-	5,092	5,092
Impairments	(157,607)	-	-	(157,607)
At 31 March 2021	7,562	12,856	38,769	59,187
DEPRECIATION				
At 1 April 2020	18,352	4,408	21,166	43,926
Charge for year	17,006	4,408	12,923	34,337
Charge written back	(29,057)	-	-	(29,057)
At 31 March 2021	6,301	8,816	34,089	49,206
NET BOOK VALUE				
At 31 March 2021	1,261	4,040	4,680	9,981

	Short leasehold £	Motor vehicles £	Computer equipment £	Totals £
COST				
At 1 April 2019	-	-	29,819	29,819
Additions	165,169	12,856	3,858	181,883
At 31 March 2020	165,169	12,856	33,677	211,702
DEPRECIATION				
At 1 April 2019	-	-	9,940	9,940
Charge for year	18,352	4,408	11,226	33,986
At 31 March 2020	18,352	4,408	21,166	43,926
NET BOOK VALUE				
At 31 March 2020	146,817	8,448	12,511	167,776

9. INVENTORIES

	2021 £	2020 £
Work-in-progress	4,963,744	11,148,389

10. TRADE AND OTHER RECEIVABLES

	2021 £	2020 £
Current:		
Trade debtors	18,026	-
Amounts owed by group undertakings	165,005	96,030
Other debtors	18,763	6,625
VAT	38,786	42,277
Prepayments and accrued income	32,017	9,741
	272,597	154,673

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

11. CASH AND CASH EQUIVALENTS

	2021 £	2020 £
Bank accounts	<u>4,785,256</u>	<u>1,703,866</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2021	2020
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

All shares rank equally in regards to voting rights. The shares have a nominal value of £1 and were issued at par. All shares rank equally in regards to dividends. All shares rank in proportion to the nominal amount paid up with regards to distributions on winding up or other repayment of capital.

13. RESERVES

	Retained earnings £
At 1 April 2020	311,524
Profit for the year	<u>2,993,044</u>
At 31 March 2021	<u>3,304,568</u>

14. TRADE AND OTHER PAYABLES

	2021 £	2020 £
Current:		
Trade creditors	133,341	63,117
Amounts owed to group undertakings	264,507	418,268
Social security and other taxes	5,426	-
Other creditors	5,087	18,500
Accruals and deferred income	<u>365,541</u>	<u>641,829</u>
	<u>773,902</u>	<u>1,141,714</u>

15. FINANCIAL LIABILITIES - BORROWINGS

	2021 £	2020 £
Current:		
Bank loans	7,125	-
Intercompany loans	1,900,000	50,000
Leases (see note 16)	<u>6,496</u>	<u>17,887</u>
	<u>1,913,621</u>	<u>67,887</u>
Non-current:		
Bank loans - 1-2 years	42,875	-
Intercompany loan - 1-2 years	3,300,000	11,429,876
Leases (see note 16)	<u>-</u>	<u>144,161</u>
	<u>3,342,875</u>	<u>11,574,037</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2021**

15. FINANCIAL LIABILITIES - BORROWINGS - continued

Terms and debt repayment schedule

	1 year or less £	1-2 years £	2-5 years £	More than 5 years £	Totals £
Bank loans	7,125	9,709	30,627	2,539	50,000
Intercompany loans	1,900,000	2,650,000	650,000	-	5,200,000
Leases	6,496	-	-	-	6,496
	<u>1,913,621</u>	<u>2,659,709</u>	<u>680,627</u>	<u>2,539</u>	<u>5,256,496</u>

16. LEASING

Right-of-use assets

Property, plant and equipment

	2021 £	2020 £
COST		
At 1 April 2020	178,025	-
Additions	-	178,025
Impairments	(157,607)	-
	<u>20,418</u>	<u>178,025</u>
DEPRECIATION		
At 1 April 2020	22,760	-
Charge for year	21,414	22,760
Charge written back	(29,057)	-
	<u>15,117</u>	<u>22,760</u>
NET BOOK VALUE	<u>5,301</u>	<u>155,265</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

16. LEASING - continued

Lease liabilities

Minimum lease payments fall due as follows:

	2021 £	2020 £
Gross obligations repayable:		
Within one year	6,775	31,482
Between one and five years	-	110,567
In more than five years	-	79,500
	6,775	221,549
Finance charges repayable:		
Within one year	279	13,595
Between one and five years	-	36,129
In more than five years	-	9,777
	279	59,501
Net obligations repayable:		
Within one year	6,496	17,887
Between one and five years	-	74,438
In more than five years	-	69,723
	6,496	162,048

The total cash outflow for leases in 2021 were £31,482 (2020 : £31,482).

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

17. FINANCIAL INSTRUMENTS

This section gives a comprehensive overview of the significance of financial instruments for the company and provides additional information on Statement of Financial Position items that contain financial instruments. The following table presents the carrying amounts of each category of financial assets and liabilities:

	2021 £	2020 £
Financial assets		
Financial assets measured at amortised cost	201,794	102,655
Cash and cash equivalents	4,785,257	1,703,866
	<u>4,987,051</u>	<u>1,806,521</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(768,477)	(1,141,714)
Loans and hire purchase	(5,256,496)	(11,641,923)
	<u>(6,024,973)</u>	<u>(12,783,637)</u>

The following table presents the fair values and carrying amounts of financial assets and liabilities measured at cost or amortised cost:

	2021		2020	
	Fair value £	Carrying value £	Fair value £	Carrying value £
Financial assets measured at cost or amortised cost				
Cash and cash equivalents	4,785,257	4,785,257	1,703,866	1,703,866
Other current financial assets	201,794	201,794	102,655	102,655
	<u>4,987,051</u>	<u>4,987,051</u>	<u>1,806,521</u>	<u>1,806,051</u>
Financial liabilities measured at cost or amortised cost				
Trade payables	(133,342)	(133,342)	(63,116)	(63,116)
Other current financial liabilities	(2,591,631)	(2,591,631)	(1,146,484)	(1,146,484)
Non current financial liabilities	(3,300,000)	(3,300,000)	(11,574,037)	(11,574,037)
	<u>(6,024,973)</u>	<u>(6,024,973)</u>	<u>(12,783,637)</u>	<u>(12,783,637)</u>

There are no financial assets and liabilities measured at fair value. All financial assets and liabilities are measured at amortised cost.

The fair values of cash and cash equivalents, current receivables, other current financial assets, other assets, trade payables and other current financial liabilities and other liabilities approximate their carrying amount largely due to the short-term maturities of these instruments.

Interest is charged on the amounts borrowed from the ultimate company's parent at a rate of between 1% and 4% above the base rate (the EC reference rate) and is payable at 6 monthly intervals. The amounts borrowed from the parent are secured by a fixed and floating charge over the property held for development, included within inventory.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

FINANCIAL RISK MANAGEMENT

Exposure to foreign currency, credit, liquidity and cash flow interest rate risks arises in the normal course of the company's business. These risks are limited by the company's financial management policies and practices described below.

Foreign currency risk

The company has limited exposure to foreign currency risk. Substantially all of the company's purchases are denominated in sterling.

Credit risk and market risk

The majority of the company's customers are based within the real estate market and therefore industry related changes or economic changes in the housing market present a risk to the company as opposed to credit risks.

Liquidity risk

Liquidity risk results from the company's potential inability to meet its financial liabilities, e.g. settlement of its financial debt, paying its suppliers and settling finance lease obligations. Beyond effective net working capital and cash management, the company mitigates liquidity risk by arranging borrowing facilities with its parent company BANES.

Cash flow interest rate risk

The company is exposed to interest rate risk through the impact of rate changes on interest-bearing borrowings. The company's policy is to obtain the most favourable interest rates available for its borrowings. At 31 March 2021 the company's borrowings were in the region of £5.3m (2020: £11.5m) and it is therefore estimated that a general change of one percentage point in the interest rate would affect profit before tax by approximately £53,000 (2020: £115,000).

The company does not use any derivative instruments to reduce its economic exposure to changes in interest rates.

Equity price risk

The company does not hold investments in publicly traded companies. No equity price risk is therefore foreseen for the company.

The following table reflects all contractually fixed undiscounted pay-offs for settlement, repayments and interest resulting from recognised financial liabilities.

	2022 £	2023 £	2024 to 2026 £	2027 and thereafter £
Trade payables	133,342	-	-	-
Other financial liabilities	2,806,895	2,779,800	722,258	2,662

(i) There are no derivative financial liabilities.

(ii) Cash outflows for financial liabilities without fixed amount or timing, including interest, are based on the conditions existing at 31 March 2021.

(iii) Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital - e.g. trade receivables. These assets are considered in the company's overall liquidity risk.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

The following table reflects the calculation of the company's net liquidity:

	2021 £	2020 £
Cash and cash equivalents	4,785,257	1,703,866
Receivables from group companies	165,005	96,030
Total liquidity	4,950,262	1,799,896
Short term debt and current maturities of long term debt	(1,913,900)	(67,887)
Amounts due to group companies	(264,507)	(418,268)
Long term debt	(3,342,875)	(11,574,037)
Total debt	(5,521,281)	(12,060,192)
Net liquidity	(571,019)	(10,260,296)

Capital management

The company defines its capital structure as net debt and equity. The primary objective of the company's capital management is to ensure that it makes optimal use of the working capital generated from its trading profits. The company's management focus is on generating positive cash flow from operations and maintaining a positive relationship of the company's current assets and current liabilities.

18. **DEFERRED TAX**

	2021 £	2020 £
Balance at 1 April	2,377	(99,475)
Charge to income statement	(1,488)	101,852
Balance at 31 March	889	2,377

	2021 £	2020 £
Assets:		
Provisions and tax losses	-	-
Deferred tax asset	-	-
Liabilities:		
Property, plant and equipment	(889)	(2,377)
Provisions and tax losses	-	-
Deferred tax liability	(889)	(2,377)
Net deferred tax assets/(liability)	(889)	(2,377)

19. **ULTIMATE PARENT COMPANY**

The ultimate parent undertaking is Bath and North East Somerset Council (BANES). BANES is the only group entity of which the company is a member for which group accounts are prepared. Copies of Group accounts are available at:

www.bathnes.gov.uk/services/your-council-and-democracy/budgets-and-spending/annual-accounts

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

20. RELATED PARTY DISCLOSURES

Transactions and balances between the company and other members of the group to which it is a member are disclosed below:

Transactions with BANES.

	2021	2020
	£	£
Other goods and services	(35,091)	(518,593)
Interest recharge	(415,593)	(526,395)
Loan arrangement fees	(1,500)	(5,580)
Services Income	547,471	734,155

Year end balances arising from loans received and other amounts from BANES amount to:

	2021	2020
	£	£
Loan payable to parent undertaking		
Due in less than one year	(1,900,000)	(50,000)
Due in more than one year	(3,300,000)	(11,429,876)
	<u>(5,200,000)</u>	<u>(11,479,876)</u>

Trade receivables	165,005	100,729
Trade payables	(168,024)	(291,207)

The loan payable to BANES is secured by a fixed and floating charge over the company assets. Interest is charged on the loans at EU base plus 4% or a flat 6%. BANES has also provided a guarantee to certain company suppliers.

Transactions with Aequus Developments Limited (immediate parent)

	2021	2020
	£	£
Other goods and services	(770,263)	(228,915)
Services income	9,171	80,420
Property Sales	<u>1,895,000</u>	<u>600,000</u>

Year end balances arising from from Aequus Developments Limited amount to:

	2021	2020
	£	£
Trade receivables	-	(4,699)
Trade payables	(96,483)	(127,061)

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration during the year was as follows:

	2021	2020
	£	£
Directors	<u>325,037</u>	<u>287,460</u>

These costs were paid to the members of key management by Aequus Developments Limited and recharged to Aequus Construction Limited.

Report of the Directors and
Financial Statements
for the Year Ended 31 March 2021
for
Aequus Developments Limited

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for the Year Ended 31 March 2021

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Aequus Developments Limited

Company Information
for the Year Ended 31 March 2021

DIRECTORS:

C D Gerrish
L J Kew
R H Marshall
D P E Quilter
T Richens
D P Robathan
A Wright
Mrs M Hyde

REGISTERED OFFICE:

Guildhall
Bath
BA1 5AW

REGISTERED NUMBER:

10060817 (England and Wales)

Aequus Developments Limited
Report of the Directors
for the Year Ended 31 March 2021

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of an investment property company.

REVIEW OF BUSINESS

It gives me great pleasure to present this Annual Report to the shareholder. This report focusses on the business of Aequus Developments Limited (ADL) with the results for our 100% subsidiary, Aequus Construction Ltd (which deals with the construction and development sites) being reported separately in the Annual Report of ACL.

During this fifth full year of operation, I have had the opportunity to see the continued development of the residential rental portfolio ADL provides. We continue to create a sustainable business, to the benefit of our shareholder and most importantly bringing homes back into use for our wider community.

Operational progress during the year has seen ADL purchase a further nine units for rental from the ACL Riverside View, Keynsham development and these were all fully occupied just a few days after completion. A further four properties which transferred in the previous year are now fully refurbished following a small delay due to COVID-19 pandemic and, these are now fully occupied.

Rental income levels have remained healthy during the year. ADL has adopted a standard approach to revaluation of properties across the portfolio based on sector specific data from an independent source giving rise to a positive lease portfolio revaluation exercise. This will be reviewed annually and reflects the current state of the market and a good level of demand for rental properties.

Underlying void levels were 4.65% over the year, after exclusion of new property void and rooms at Stall Street whilst ADL undertook some refurbishments to some of the rooms. We anticipate this void level remaining within the target of 5% as the size of the portfolio continues to increase.

We have continued to work with the Council on the potential to repurpose void properties within its commercial estate for future residential and other uses and this included presenting feasibility options for a Phase 1 list of properties. Following approval to the process for repurposing by the Council Cabinet in July 2021, we will be working with Council officers on bringing these plans to delivery.

As a group of companies, we are now working with our Shareholder to develop a housing pipeline that meets the shareholders objectives for the company going forwards and anticipate an updated Business Plan being brought forward in Autumn 2021.

Financial performance: the total turnover of ADL has increased from £558,018 in 2019/20 to £1,444,202 in 2020/21, this is mainly due to staff now being employed by ADL following a TUPE transfer from the Council in Feb 2020. The ADL staff provide services mainly to ACL generating an income of £1,003,984 (2020: £240,501). The rental income increased from £317,518 in 2019/20 to £440,217 in 20/21 and will continue to grow as the portfolio expands.

Following the Transfer Agreement with the Council in Feb 2020, the Total Comprehensive Income for 2020 was £726,165. This was due to the recognition of accounting standard IAS19 relating to the transfer of the local government pension scheme and the pension liability into the ADL financial statements and the impact on the ADL profit and loss account. As at 31st March 2021 the comprehensive income is £80,889 this reflects the profit for the year of £277,719 less the movement on the actuarial valuation of £196,830.

Excluding the pension expenses included in administrative costs of £97,000 the profit before tax would have been £488,434 instead of £391,434 this is largely due to the lease revaluation in the year of £376,177; this cannot be released as dividend as the lease revaluation is non-distributable; all capital appreciation is though retained for the Council.

In total, £387,619 (2020: £382,067) worth of capital receipts have been paid to the Council for property refurbishments during the year together with interest, arrangement payments on loans and rental income from one exceptional holding outside the core portfolio to a total of £108,941 (2020: £77,641).

The financial performance in the year has been solid which continues to give us confidence for the future. Our executive team continues to look at opportunities to grow ADL in a sustained manner that delivers value to its shareholder and the wider community.

With the progress of the ACL developments we will explore options to expand our rental portfolio through investment in developments as we have with Riverside View in Keynsham. This will support plans to diversify from central Bath and provide good quality rental properties to other areas within Bath & North East Somerset.

Report of the Directors
for the Year Ended 31 March 2021

COVID-19 Pandemic is having an unprecedented impact on business and the economy nationally. The resulting lockdowns have, to date only had a limited impact on our rents received and housing sales together with a short delay in progress of ACL development activity. These impacts are currently anticipated to be relatively short-term in nature and the companies have detailed actions and plans in place to deal with the issues arising.

Future, specific risks, including housing market risk, related to the long-term impact of COVID-19 for the companies are being reviewed on a regular basis by the Board and included as part of regular update briefings provided to the Shareholder.

FUTURE DEVELOPMENTS

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

C D Gerrish
L J Kew
R H Marshall
D P E Quilter
T Richens
D P Robathan
A Wright
Mrs M Hyde

FINANCIAL INSTRUMENTS

Aequus Developments' financial risk management objectives and policies, including exposure to market risk, credit risk and liquidity risk are set out in note 16 to the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, MHA Monahans, will be proposed for re-appointment at the forthcoming Annual General Meeting.

Report of the Directors
for the Year Ended 31 March 2021

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



.....
C D Gerrish - Director

Date: 20th Sept 2021

Report of the Independent Auditors to the Members of
Aequus Developments Limited

Opinion

We have audited the financial statements of Aequus Developments Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Profit or Loss, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Report of the Independent Auditors to the Members of
Aequus Developments Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety, employment law and company legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements of the Company. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and taxation legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the audit engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding of management's internal controls designed to prevent and detect irregularities, and fraud;
- Reviewing the Company's legal costs to check for non-compliance with laws and regulations and fraud;
- Reviewing Board of Directors minutes;
- Review of tax compliance with the involvement of our tax specialists in the audit;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of expenses;
- Testing transactions entered into outside of the normal course of the Company's business; and
- Identifying and testing journal entries, in particular any journal entries with fraud characteristics such as journals with round numbers.

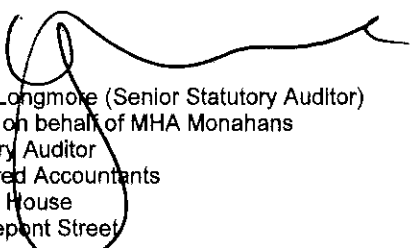
There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Report of the Independent Auditors to the Members of
Aequus Developments Limited

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Martin Longmore (Senior Statutory Auditor)
for and on behalf of MHA Monahans
Statutory Auditor
Chartered Accountants
Lennox House
3 Pierrepont Street
Bath
Somerset
BA1 1LB

Date: 23 September 2021

Aequus Developments Limited (Registered number: 10060817)

Statement of Profit or Loss
for the Year Ended 31 March 2021

	Notes	2021 £	2020 £
CONTINUING OPERATIONS			
Revenue	3	1,444,202	558,018
Cost of sales		(314,767)	(90,771)
GROSS PROFIT		1,129,435	467,247
Other operating income		14,654	-
Gain/loss on revaluation of investment property		376,177	316,750
Administrative expenses		(992,625)	(446,526)
OPERATING PROFIT		527,641	337,471
Finance costs	5	(136,207)	(77,641)
PROFIT BEFORE TAXATION	6	391,434	259,830
Taxation	7	(113,715)	(48,015)
PROFIT FOR THE YEAR		277,719	211,815

The notes form part of these financial statements

Aequus Developments Limited

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 March 2021

	2021 £	2020 £
PROFIT FOR THE YEAR	277,719	211,815
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified to profit or loss:		
IAS 19 actuarial gain/loss	(243,000)	69,000
Income tax relating to item that will not be reclassified to profit or loss	46,170	(13,110)
	(196,830)	55,890
Item that may be reclassified subsequently to profit or loss:		
Recognition of IAS 19 pension scheme	-	(1,227,000)
Income tax relating to item that may be reclassified subsequently to profit or loss	-	233,130
	-	(993,870)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	(196,830)	(937,980)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	80,889	(726,165)

The notes form part of these financial statements

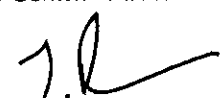
Aequus Developments Limited (Registered number: 10060817)

Statement of Financial Position
31 March 2021

	Notes	2021 £	2020 £
ASSETS			
NON-CURRENT ASSETS			
Investment property	8	7,858,698	5,316,075
Investments	9	100	100
Deferred tax	17	28,025	68,737
		<u>7,886,823</u>	<u>5,384,912</u>
CURRENT ASSETS			
Trade and other receivables	10	215,645	143,778
Cash and cash equivalents	11	113,252	56,266
		<u>328,897</u>	<u>200,044</u>
TOTAL ASSETS		<u><u>8,215,720</u></u>	<u><u>5,584,956</u></u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	12	100	100
Other reserves	13	1,319,936	964,827
Pension reserve	13	(1,134,810)	(937,980)
Retained earnings	13	(334,636)	(257,246)
TOTAL EQUITY		<u>(149,410)</u>	<u>(230,299)</u>
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities - borrowings			
Interest bearing loans and borrowings	15	6,165,983	4,137,824
Pension liability	18	1,579,000	1,239,000
		<u>7,744,983</u>	<u>5,376,824</u>
CURRENT LIABILITIES			
Trade and other payables	14	491,952	340,337
Financial liabilities - borrowings			
Interest bearing loans and borrowings	15	101,362	98,094
Tax payable		26,833	-
		<u>620,147</u>	<u>438,431</u>
TOTAL LIABILITIES		<u>8,365,130</u>	<u>5,815,255</u>
TOTAL EQUITY AND LIABILITIES		<u><u>8,215,720</u></u>	<u><u>5,584,956</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 20th Sept 2021 and were signed on its behalf by:


.....
C D Gerrish - Director


.....
T Richens - Director

The notes form part of these financial statements

**Statement of Changes in Equity
for the Year Ended 31 March 2021**

	Called up share capital £	Retained earnings £	Other reserves £	Pension reserve £	Total equity £
Balance at 1 April 2019	100	(253,288)	749,054	-	495,866
Changes in equity					
Total comprehensive income	-	211,815	-	(937,980)	(726,165)
Transfer to non distributable reserve	-	(215,773)	215,773	-	-
Balance at 31 March 2020	100	(257,246)	964,827	(937,980)	(230,299)
Changes in equity					
Total comprehensive income	-	277,719	-	(196,830)	80,889
Transfer to non distributable reserve	-	(355,109)	355,109	-	-
Balance at 31 March 2021	100	(334,636)	1,319,936	(1,134,810)	(149,410)

The notes form part of these financial statements

Statement of Cash Flows
for the Year Ended 31 March 2021

		2021 £	2020 £
Cash flows from operating activities			
Cash generated from operations	1	300,915	171,106
Interest paid		(108,941)	(77,641)
Net cash from operating activities		<u>191,974</u>	<u>93,465</u>
Cash flows from investing activities			
Purchase of investment property		(2,166,445)	(1,095,666)
Net cash from investing activities		<u>(2,166,445)</u>	<u>(1,095,666)</u>
Cash flows from financing activities			
New loans in year		2,488,867	1,132,067
Loan repayments in year		(457,410)	(204,412)
Net cash from financing activities		<u>2,031,457</u>	<u>927,655</u>
Increase/(decrease) in cash and cash equivalents		<u>56,986</u>	<u>(74,546)</u>
Cash and cash equivalents at beginning of year	2	56,266	130,812
Cash and cash equivalents at end of year	2	<u><u>113,252</u></u>	<u><u>56,266</u></u>

The notes form part of these financial statements

Notes to the Statement of Cash Flows
for the Year Ended 31 March 2021

1. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2021	2020
	£	£
Profit before taxation	391,434	259,830
Gain on revaluation of fixed assets	(376,177)	(316,750)
Pension costs	69,000	81,000
Finance costs	136,207	77,641
	<u>220,464</u>	<u>101,721</u>
Decrease in inventories	-	4,293
Increase in trade and other receivables	(71,867)	(132,514)
Increase in trade and other payables	152,318	197,606
	<u>152,318</u>	<u>197,606</u>
Cash generated from operations	<u>300,915</u>	<u>171,106</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2021

	31.3.21	1.4.20
	£	£
Cash and cash equivalents	<u>113,252</u>	<u>56,266</u>

Year ended 31 March 2020

	31.3.20	1.4.19
	£	£
Cash and cash equivalents	<u>56,266</u>	<u>130,812</u>

Notes to the Financial Statements
for the Year Ended 31 March 2021

1. STATUTORY INFORMATION

Aequus Developments Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, except for investment property which has been measured at fair value.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Based on their assessment of the company's financial position, future performance, liquidity and risks, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next twelve months. Thus the company adopts the going concern basis of preparation for the financial statements.

Preparation of consolidated financial statements

The financial statements contain information about Aequus Developments Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Critical accounting judgements and key sources of estimation uncertainty

There are no key accounting judgements (excluding estimates). The key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in connection with the valuation of investment property and the valuation of pension liabilities.

Valuation of property - The fair value of investment property is determined by real estate valuation experts and using recognised valuation techniques and the principles of IFRS 13.

Defined pension liabilities - Note 18 contains the principal assumptions underlying the valuation of defined benefit pension liabilities. These assumptions were set out on the advice of the scheme's actuaries having regard to current market conditions, past history and factors specific to the scheme.

Changes in accounting policies

On 31 December 2020 EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. The financial statements will transition to UK-adopted international accounting standards for financial periods beginning 1 April 2021.

In the current financial year, the Company has adopted a number of minor amendments to standards effective in the year issued by the IASB, none of which have had a material impact on the company. These amendments include IAS 1 and IAS 8 - Definition of Material, and IFRS 3 - Definition of a Business.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. These amendments include amendments to IFRS 16, 'Leases' - Covid-19 related rent concessions, amendments to IAS 1, Presentation of financial statements on classification of liabilities, a number of narrow-scope amendments to IFRS 3, IAS 16 and some annual improvements on IFRS 1, IFRS 9 and IFRS 16 and narrow scope amendments to IAS 1, Practice statement 2 and IAS 8. The above amendments are not expected to have a significant impact on the Company's results.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

2. ACCOUNTING POLICIES - continued

Revenue recognition

Rental income from operating leases on investment property is accounted for on a straight-line basis over the lease term except for contingent rental income which is recognised when it arises.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight term basis over the term of the lease. The lease term is the non cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidation are recognised in the income statement when the right to receive them arises.

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in rental income gross of related costs, as the directors consider that the company acts as a principal in this respect.

Investment property

Investment property is initially measured at cost including transaction costs and subsequently at fair value at each reporting date.

Investment property is valued every five years by a qualified independent valuer. In other years the directors use Parry's Valuation and Investment tables, rental values, and yields provided by Knight Frank to estimate values.

Gains or losses arising from changes in the fair values are included in the income statement.

Investment property disposals are recognised on completion. Profits and losses arising are recognised in the income statement. The profit on disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Financial instruments

Debtors and creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

At the end of each reporting period, financial assets are assessed for impairment. Impairments and reversals of impairments are recognised in profit and loss.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Borrowings

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Cash and cash equivalents

Highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at cost.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

2. ACCOUNTING POLICIES - continued

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax is provided on items that may become taxable in the future, or which may be used to offset against taxable profits in the future, on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes on an undiscounted basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and there is an intention to settle the balances on a net basis.

Employee benefit costs

Retirement benefits to employees of the company are provided by the Local Government Pension Scheme (LGPS). This is a defined benefit scheme.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the company in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the profit or loss and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

Borrowing costs

Borrowing costs are recognised on an accruals basis. Included in borrowing costs is the amortisation of fees associated with the arrangement of financing. The company pays and receives interest on some of its intercompany loan balances. These are recognised within interest in the statement of income when incurred or receivable. All costs directly attributable to the cost of a qualifying asset are capitalised.

Government grants

Government grant income in relation to the Covid-19 pandemic is accounted for under the accruals model and is recognised in the period in which it becomes receivable, shown in the income statement under other income, matched against expenditure incurred under the accruals concept.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2021**

3. REVENUE

Revenue from contracts with customers

All revenue was generated within the United Kingdom.

	2021	2020
	£	£
Rental income	440,217	317,518
Management fees	1,003,984	240,501
	<u>1,444,201</u>	<u>558,019</u>

The company derives revenue from the transfer of services over time and from the rental of properties mainly to residential tenants.

Contract balances

The company has recognised the following liabilities related to contracts with customers:

	2021	2020
	£	£
Deferred revenue - rental income	24,860	18,576
	<u>24,860</u>	<u>18,576</u>

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities at the beginning of the year:

	2021	2020
	£	£
Rental income	<u>18,576</u>	<u>14,884</u>

4. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	693,085	241,221
Social security costs	73,250	23,335
Other pension costs	7,365	17,853
	<u>773,700</u>	<u>282,409</u>

The average number of employees during the year was as follows:

	2021	2020
Directors	8	8
Staff	8	3
	<u>16</u>	<u>11</u>

	2021	2020
	£	£
Directors' remuneration	300,682	94,749
Directors' pension contributions to money purchase schemes	-	7,230
	<u>-</u>	<u>7,230</u>

The number of directors to whom retirement benefits were accruing was as follows:

	2021	2020
Defined benefit schemes	<u>2</u>	<u>2</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

4. EMPLOYEES AND DIRECTORS - continued

Information regarding the highest paid director for the year ended 31 March 2021 is as follows:

	2021
	£
Emoluments etc	<u>141,467</u>

In the prior year, directors were TUPE'd across from BANES in February 2020 to the Company's payroll. Also in the prior year the Company was recharged £32,259 relating to directors costs.

5. NET FINANCE COSTS

	2021	2020
	£	£
Finance costs:		
Other loan interest	108,207	77,641
Interest on pension scheme	28,000	-
	<u>136,207</u>	<u>77,641</u>

6. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2021	2020
	£	£
Auditors' remuneration	16,750	9,028
Auditors' remuneration for non audit work	2,780	4,410
	<u>19,530</u>	<u>13,438</u>

7. TAXATION

Analysis of tax expense

	2021	2020
	£	£
Current tax:		
Tax	26,833	-
Deferred tax:		
Deferred tax	105,312	63,405
Deferred tax on pension payments	(18,430)	(15,390)
Total deferred tax	<u>86,882</u>	<u>48,015</u>
Total tax expense in statement of profit or loss	<u>113,715</u>	<u>48,015</u>

Factors affecting the tax expense

The tax assessed for the year is higher (2020 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2021	2020
	£	£
Profit before income tax	<u>391,434</u>	<u>259,830</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	74,372	49,368
Effects of:		
Disallowed expenses	39,515	10,806
Allowable expenses	(15,580)	-
Gain/loss on revaluation	(71,474)	(60,174)
Timing differences	86,882	48,015
Tax expense	<u>113,715</u>	<u>48,015</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

7. TAXATION - continued

The deferred tax expenditure in 2021 relates to the origination and reversal of temporary differences.

8. INVESTMENT PROPERTY

	Total £
FAIR VALUE	
At 1 April 2020	5,316,075
Additions	2,166,445
Revaluations	376,178
At 31 March 2021	7,858,698
NET BOOK VALUE	
At 31 March 2021	7,858,698
	Total £
FAIR VALUE	
At 1 April 2019	3,903,659
Additions	1,095,666
Revaluations	316,750
At 31 March 2020	5,316,075
NET BOOK VALUE	
At 31 March 2020	5,316,075
Fair value at 31 March 2021 is represented by:	
	£
Valuation in 2018	280,524
Valuation in 2019	458,052
Valuation in 2020	316,750
Valuation in 2021	376,178
Cost	6,427,194
	7,858,698

9. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 April 2020 and 31 March 2021	100
NET BOOK VALUE	
At 31 March 2021	100
	Shares in group undertakings £
COST	
At 1 April 2019 and 31 March 2020	100
NET BOOK VALUE	
At 31 March 2020	100

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

9. INVESTMENTS - continued

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Aequus Construction Limited

Registered office: Guildhall, Bath, England, BA1 5AW

Nature of business: Property development

Class of shares:	% holding	2021	2020
Ordinary	100.00	£	£
Aggregate capital and reserves		3,304,668	311,824
Profit for the year		<u>2,993,044</u>	<u>823,901</u>

10. TRADE AND OTHER RECEIVABLES

	2021	2020
	£	£
Current:		
Trade debtors	2,198	-
Amounts owed by group undertakings	186,824	142,001
Other debtors	1,740	-
Prepayments and accrued income	24,883	1,777
	<u>215,645</u>	<u>143,778</u>

11. CASH AND CASH EQUIVALENTS

	2021	2020
	£	£
Bank accounts	<u>113,252</u>	<u>56,266</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2021	2020
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

All shares rank equally in regards to voting rights. The shares have a nominal value of £1 and were issued at par. All shares rank equally in regards to dividends. All shares rank in proportion to the nominal amount paid up with regards to distributions on winding up or other repayment of capital.

13. RESERVES

	Retained earnings	Other reserves	Pension reserve	Totals
	£	£	£	£
At 1 April 2020	(257,246)	964,827	(937,980)	(230,399)
Profit for the year	277,719			277,719
Actuarial gains on pension scheme	-	-	(196,830)	(196,830)
Transfer to non distributable reserve	(355,109)	355,109	-	-
At 31 March 2021	<u>(334,636)</u>	<u>1,319,936</u>	<u>(1,134,810)</u>	<u>(149,510)</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2021**

13. RESERVES - continued

	Retained earnings £	Other reserves £	Pension reserve £	Totals £
At 1 April 2019	(253,288)	749,054	-	495,766
Profit for the year	211,815			211,815
Pension scheme liability transferred from BANES	-	-	(993,870)	(993,870)
Actuarial gains on pension scheme	-	-	55,890	55,890
Transfer to non distributable reserve	(215,773)	215,773	-	-
At 31 March 2020	(257,246)	964,827	(937,980)	(230,399)

Other reserves represents non distributable retained earnings from revaluation gains on investment property. The pension reserve represents IAS 19 pension liabilities arising as a result of staff having been TUPE'd from to the Company from BANES and subsequent actuarial gains/losses on defined benefit pension scheme, net of deferred tax.

14. TRADE AND OTHER PAYABLES

	2021 £	2020 £
Current:		
Trade creditors	72,715	88,631
Amounts owed to group undertakings	99,812	59,275
Social security and other taxes	18,355	18,675
Other creditors	9,762	11,664
Accruals and deferred income	243,752	123,665
VAT	47,556	38,427
	<u>491,952</u>	<u>340,337</u>

15. FINANCIAL LIABILITIES - BORROWINGS

	2021 £	2020 £
Current:		
Bank loans	7,924	-
Intercompany loans	93,438	98,094
	<u>101,362</u>	<u>98,094</u>
Non-current:		
Bank loans - 1-2 years	42,076	-
Intercompany loans - 1-2 years	6,123,907	4,137,824
	<u>6,165,983</u>	<u>4,137,824</u>

Terms and debt repayment schedule

	1 year or less £	1-2 years £	2-5 years £	More than 5 years £	Totals £
Bank loans	7,924	9,730	30,691	1,655	50,000
Intercompany loans	93,438	99,138	304,083	5,720,686	6,217,345
	<u>101,362</u>	<u>108,868</u>	<u>334,774</u>	<u>5,722,341</u>	<u>6,267,345</u>

Aequus Developments Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

16. FINANCIAL INSTRUMENTS

This section gives a comprehensive overview of the significance of financial instruments for the company and provides additional information on Statement of Financial Position items that contain financial instruments. The following table presents the carrying amounts of each category of financial assets and liabilities:

	2021 £	2020 £
Financial assets		
Financial assets measured at amortised cost	215,645	143,778
Cash and cash equivalents	113,252	56,266
	<u>328,897</u>	<u>200,004</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(401,181)	(264,660)
Loans	(6,267,345)	(4,235,918)
	<u>(6,668,526)</u>	<u>(4,500,578)</u>

The following table presents the fair values and carrying amounts of financial assets and liabilities measured at cost or amortised cost:

	2021		2020	
	Fair value £	Carrying value £	Fair Value £	Carrying Value £
Financial assets measured at cost or amortised cost				
Cash and cash equivalents	113,252	113,252	56,266	56,266
Other current financial assets	215,645	215,645	143,778	143,778
	<u>328,897</u>	<u>328,897</u>	<u>200,004</u>	<u>200,004</u>
Financial liabilities measured at cost or amortised cost				
Trade payables	(72,714)	(72,714)	(88,631)	(88,631)
Other current financial liabilities	(471,905)	(471,905)	(274,123)	(274,123)
Non current financial liabilities	(6,123,907)	(6,123,907)	(4,137,824)	(4,137,824)
	<u>(6,668,526)</u>	<u>(6,668,526)</u>	<u>(4,500,578)</u>	<u>(4,500,578)</u>

There are no financial assets and liabilities measured at fair value. All financial assets and liabilities are measured at amortised cost.

The fair values of cash and cash equivalents, current receivables, other current financial assets, other assets, trade payables and other current financial liabilities and other liabilities approximate their carrying amount largely due to the short-term maturities of these instruments.

Interest is charged on the amounts borrowed from the company's parent at a rate of between 1% and 4% above the base rate (the EC reference rate) and is payable at 6 monthly intervals. The amounts borrowed from the parent are secured by fixed and floating charges over the investment property held by the company.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

FINANCIAL RISK MANAGEMENT

Exposure to foreign currency, credit, liquidity and cash flow interest rate risks arises in the normal course of the company's business. These risks are limited by the company's financial management policies and practices described below.

Foreign currency risk

The company has limited exposure to foreign currency risk. Substantially all of the company's sales and purchases are denominated in sterling.

Credit risk and market risk

The company is at risk from its customers defaulting in making payments for services that have been supplied to them or from properties let out to them on long term leases. The majority of the company's customers are based within the real estate market and therefore industry related changes or economic changes in the housing market present a risk to the company as opposed to credit risks.

Liquidity risk

Liquidity risk results from the company's potential inability to meet its financial liabilities, e.g. settlement of its financial debt, paying its suppliers and settling finance lease obligations. Beyond effective net working capital and cash management, the company mitigates liquidity risk by arranging borrowing facilities with its sole shareholder BANES.

Cash flow interest rate risk

The company is exposed to interest rate risk through the impact of rate changes on interest-bearing borrowings. The company's policy is to obtain the most favourable interest rates available for its borrowings. At 31 March 2021 the company's borrowings were in the region of £6.3m (2020: £4.2m), and it is therefore estimated that a general change of one percentage point in the interest rate would affect profit before tax by approximately £63,000 (2020: £42,000).

The company does not use any derivative instruments to reduce its economic exposure to changes in interest rates.

Equity price risk

The company does not hold investments in publicly traded companies. No equity price risk is therefore foreseen for the company.

The following table reflects all contractually fixed undiscounted pay-offs for settlement, repayments and interest resulting from recognised financial liabilities.

	2022 £	2023 £	2024 to 2026 £	2027 and thereafter £
Trade payables	72,714	-	-	-
Other financial liabilities	510,692	176,776	530,326	7,192,912

The company does not have any derivative financial liabilities.

Cash outflows for financial liabilities without fixed amount or timing, including interest, are based on the conditions existing at 31 March 2021.

Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital - e.g. trade receivables. These assets are considered in the company's overall liquidity risk.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

The following table reflects the calculation of the company's net liquidity:

	2021 £	2020 £
Cash and cash equivalents	113,252	56,266
Receivables from group companies	186,824	142,001
Total liquidity	300,076	198,267
Short term debt and current maturities of long term debt	(101,362)	(98,094)
Amounts due to group companies	(99,812)	(59,275)
Long term debt	(6,165,983)	(4,137,824)
Total debt	(6,367,157)	(4,295,193)
Net liquidity	(6,067,081)	(4,096,926)

Capital management

The company defines its capital structure as net debt and equity. The primary objective of the company's capital management is to ensure that it makes optimal use of the working capital generated from its trading profits. The company's management focus is on generating positive cash flow from operations and maintaining a positive relationship of the company's current assets and current liabilities.

17. DEFERRED TAX

	2021 £	2020 £
Balance at 1 April	(68,737)	103,268
Charged to income statement	86,882	48,015
Charged to other comprehensive income	(46,170)	(220,020)
Balance at 31 March	(28,025)	(68,737)

	2021 £	2020 £
Assets:		
Pension Liability	300,010	235,410
Provisions and tax losses	-	33,838
Deferred tax asset	300,010	269,248
Liabilities:		
Investment property	(271,985)	(200,511)
Deferred tax liability	(271,985)	(200,511)
Net deferred tax asset/(liability)	28,025	68,737

18. EMPLOYEE BENEFIT OBLIGATIONS

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Current service cost	148,000	28,000
Net interest from net defined benefit asset/liability	28,000	2,000
Past service cost	-	65,000
	<u>176,000</u>	<u>95,000</u>
Actual return on plan assets	<u>325,000</u>	<u>(213,000)</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Opening defined benefit obligation	3,060,000	-
Current service cost	148,000	28,000
Past service cost	-	65,000
Contributions by scheme participants	41,000	7,000
Interest cost	71,000	8,000
Actuarial losses/(gains)	(33,000)	(4,000)
Present value of defined benefit obligation on scheme transfer	-	3,240,000
Actuarial (gains)/losses from changes in financial assumptions	558,000	(284,000)
	<u>3,845,000</u>	<u>3,060,000</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Opening fair value of scheme assets	1,821,000	-
Administration expenses	(3,000)	-
Contributions by employer	82,000	14,000
Contributions by scheme participants	41,000	7,000
Interest income	43,000	6,000
Actuarial gains/(losses)	282,000	(219,000)
Present value of defined benefit assets on scheme transfer	-	2,013,000
	<u>2,266,000</u>	<u>1,821,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Actuarial (gains)/losses from changes in financial assumptions	(558,000)	284,000
Actuarial gains/(losses)	315,000	(215,000)
Income tax	46,170	(13,110)
	<u>(196,830)</u>	<u>55,890</u>

Aequus Developments Limited

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2021	2020
	£	£
Equities	851,000	793,000
Bonds	512,000	267,000
Property	163,000	181,000
Alternatives	674,000	540,000
Cash Accounts	66,000	40,000
	<u>2,266,000</u>	<u>1,821,000</u>

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

	2021	2020
Discount rate	2.20%	2.30%
Future salary increases	4.20%	3.60%
Future pension increases	2.80%	2.20%
CPI Inflation	2.70%	2.10%

To assess the value of the Employer's liabilities as at 31 March 2021, the actuaries have rolled forward the value of the Employer's liabilities calculated for the latest Triennial valuation allowing for the different financial assumptions required under IAS 19.

The full actuarial valuation involved projecting future cash flows to be paid from the Fund and placing a value on them. These cash flows include pensions currently being paid to members of the Scheme as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated liability as at 31 March 2021 without completing a full valuation. However, the actuaries are satisfied that the approach of rolling forward the previous valuation data to 31 March 2021 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. The contributions expected to be paid in the year to 31 March 2022 are £82,000.

To calculate the asset share the actuaries have rolled forward the assets allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the company and its employees.

Valuation Method

As required under IAS 19, pension fund liabilities and service costs have been calculated using the Projected Unit method of valuation.

Expected Return on Assets

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2020 for the year to 31 March 2021). The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

Sensitivity Analysis

The sensitivity regarding the principal assumptions used to measure the scheme liabilities are set out below:

	Approximate monetary amount (£000)
Change in assumption at 31 March 2021	
0.1% increase in discount rate	(84)
0.1% increase in inflation	86
0.1% increase in salary growth	20
1 year increase in life expectancy	107

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

18. - continued

Guarantee

As part of the conditions for entry of Aequus Development Limited into the Local Government Pension Scheme Bath and North East Somerset Council agreed to act as guarantor in the event that Aequus Development Limited fails to comply with any terms of the Admission Agreement. In default circumstances Bath and North East Somerset Council will assume all obligations and liabilities of Aequus Development Limited including indemnifying the pension scheme administrator for legal and other costs associated with enforcement of the guarantee.

19. **ULTIMATE PARENT COMPANY**

The ultimate parent undertaking is Bath and North East Somerset Council (BANES). BANES is the only group entity of which the company is a member for which group accounts are prepared. Copies of Group accounts are available at:

www.bathnes.gov.uk/services/your-council-and-democracy/budgets-and-spending/annual-accounts

20. **RELATED PARTY DISCLOSURES**

Transactions and balances between the company and its parent company BANES are disclosed below:

	2021 £	2020 £
Purchase of investment property	(387,619)	(382,067)
Other goods and services	(33,772)	(20,765)
Interest expense	(108,207)	(77,641)
Loan arrangement fees	(3,191)	(2,182)
Sales - Recharges	245,206	21,270

Year end balances arising from loans received and other amounts from BANES amount to:

	2021 £	2020 £
Loan payable to parent undertaking		
Due in less than one year	(94,405)	(98,094)
Due in more than one year	(6,122,940)	(4,137,824)
	<u>(6,217,345)</u>	<u>(4,235,918)</u>
Trade receivables	90,341	14,940
Trade payables	(99,812)	(63,974)

The loan payable to BANES is secured by a fixed and floating charge over the assets of the company. Interest is charged on the loans amounting to EU Base plus 1%.

Transactions and balances between the company and its subsidiary Aequus Construction Limited are disclosed below:

	2021 £	2020 £
Sales - Recharges	770,263	228,915
Purchases - Recharged	(9,171)	(80,420)
Purchases - Investment Property	<u>(1,895,000)</u>	<u>(600,000)</u>

Year end balances arising from Aequus Construction Limited amount to:

	2021 £	2020 £
Trade receivables	96,483	127,061
Trade payables	-	4,699

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel is provided in note 4 as the directors represent key management personnel.

Access to Information Arrangements

Exclusion of access by the public to Council meetings

Information Compliance Ref: LGA- 774994
Meeting / Decision: Full Council
Date: Thursday 24th March 2022
Author: Simon Martin
Report Title: Aequus Group – Governance, Structure & Business Plan Appendix 1 – Current Company Structure Appendix 2 – Proposed New Company Structure Appendix 3 – Amended Reserved Matters Schedule Appendix 4 – Aequus Accounts for 2021/22 Exempt Appendix 5 - Aequus Business Plan 2021/22 to 2023/24 Appendix 6 – Aequus Overview 2021

The Report contains exempt information, according to the categories set out in the Local Government Act 1972 (amended Schedule 12A). The relevant exemption is set out below.

Stating the exemption:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

The public interest test has been applied, and it is concluded that the public interest in maintaining the exemption outweighs the public interest in disclosure at this time. It is therefore recommended that the exempt appendix be withheld from publication on the Council website. The paragraphs below set out the relevant public interest issues in this case.

PUBLIC INTEREST TEST

If the Council wishes to consider a matter with press and public excluded, it must be satisfied on two matters.

Firstly, it must be satisfied that the information likely to be disclosed falls within one of the accepted categories of exempt information under the Local Government Act 1972.

The officer responsible for this item believes that this information falls within the following exemptions and this has been confirmed by the Council's Information Compliance Manager.

The following exemptions are engaged in respect to this report:

3. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

It is necessary to weigh up the arguments for and against disclosure on public interest grounds. It is considered that there is a public interest in information about property disposal being disclosed into the public domain. Other factors in favour of disclosure include:

- furthering public understanding of the issues involved;
- furthering public participation in the public debate of issues, in that disclosure would allow a more informed debate;
- promoting accountability and transparency by the Council for the decisions it takes;

Weighed against this is the fact that the exempt appendix contains strategic and financial information which could prejudice the commercial interests of the parties if disclosed at this time. The exempt appendices also includes the observations and opinions regarding the proposal. It would not be in the public interest if advisors and officers could not express in confidence opinions which are in good faith and on the basis of the best information available. It is important for public authorities to have some measure of 'private thinking space', and that they are able to share important information with Elected Members tasked with representing the local community.

It is in the public interest that the Council is able to deliver cost-effective solutions. This depends partly on the Council being able to protect its commercial position while the detailed terms of relevant schemes are agreed.

The Council considers that the public interest has been served by the fact that a significant amount of information regarding the report has been made available – by way of the main report. Therefore it is recommended that exemptions set out above apply. The Council considers that the public interest is in favour of not holding this matter in open session at this time and that any reporting on the meeting is prevented in accordance with Section 100A(5A).

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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-  Aequus and its associated companies are wholly owned by Bath & North East Somerset Council
-  Aequus delivers housing rental and development projects for the Council

Key Achievements



95 new homes, all sold, at Riverside View, Keynsham (November 2021)



7 social rented homes under construction at 117 Newbridge Hill, Bath



52 Private Rented Sector units primarily let to city workers and young professionals



Full planning attained on behalf of the Council at Midland Road, Bath for **176** Units, including **44** affordable homes



9 exemplar, low energy (EPC A) family homes (2 shared ownership) nearing completion at Sladebrook Road, Bath



Total of **£5.5M** of Capital Receipts paid to the Council to date



Total of **£2.4M** of Revenue Returns have been paid to the Council/Shareholder to date



Partnership work is progressing well with South Gloucestershire Council

Aequus core aims:

- Increase housing stock for tenants and home-owners market meeting local housing need
- Operate in a commercially creative and innovative manner
- Support the Council in repurposing its surplus commercial and corporate estate
- Support the Council with climate and ecological emergency objectives; and best practice for residential development
- Support the Council delivering social housing on land owned and acquired by the Council
- Act as a responsible Landlord, ensuring properties are maintained to a good standard

Working with the Council on delivering further affordable, socially rented homes

Climate Emergency

Aequus baseline delivers EPC A rated new homes.

The Riverside View apartments are electric only, with additional levels of insulation to the structure, plus a heat recovery ventilation system to reduce energy use.

The Sladebrook Road site is being developed to Zero Carbon in use and at least 50% reduction in energy running costs.

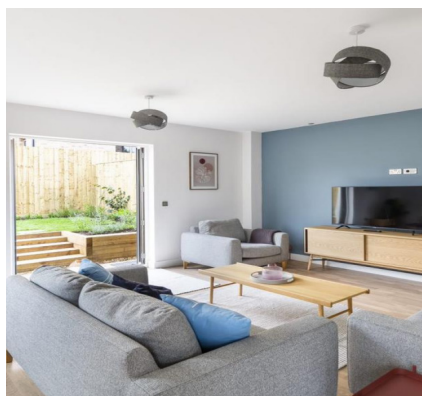


Future

The Aequus Business Plan 2021/22 to 2023/24 identifies the following key areas of activity for this period:

- Private Rental market
- Commercial Estate repurposing
- Delivering Affordable Housing Sites
- Commercial Development Sites
- South Gloucestershire Council partnership sites

Aequus will deliver £1M of sustainable revenue financial returns to the Council as Shareholder.



Aequus target to deliver **£1M** of revenue each year to the Council

Future sites could provide over **500** further homes, subject to approval



“

Aequus have established a good business plan that helps the Council provide greater housing choice and quality to local people whilst also helping to finance our services. ”

Leader of the Council,
Kevin Guy

Bath & North East Somerset Council		
MEETING	Council	
MEETING	24 March 2022	
TITLE:	Climate Emergency Annual Report 2021/22	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
1. Climate Emergency Highlight report 2021/22 and key actions for 2022/23		

1 THE ISSUE

- 1.1 The council declared a Climate Emergency in March 2019, committing to provide the leadership to enable Bath and North East Somerset to achieve carbon neutrality by 2030. An annual update is provided to Council.

2 RECOMMENDATION

The Council is asked;

2.1 To note:

- i. Progress on the delivery of the Year 2 (2021-22) Climate Emergency Action Plan.
- ii. The extensive and wide-ranging action being taken across the council to tackle the climate emergency.
- iii. The latest available data relating to carbon emissions (Council managed and district-wide emissions).

3 THE REPORT

- 3.1 This report provides an update on progress made in Year 2 of the Climate Emergency Action Plan. It has been prepared in the following context:

- The Covid pandemic and the resulting economic crisis, continued to affect business and life, in 2021. The council with partners has continued to play key roles in the pandemic response, including the vaccination programme. This has involved a co-ordinated response across all the council's services,

including public health, social care, community wellbeing and support, enforcement, Business support and communications.

- In August 2021, the International Panel on Climate Change released its Sixth Assessment Report and a further update in February 2022.
- In November 2021, the global 'conference of the parties' (COP26) took place in Glasgow which further focused citizen awareness on the climate emergency and the need for action at local, national and global levels. We will be closely monitoring changes in central government policies and programmes resulting from commitments made at the conference.

3.2 Audit West are currently carrying out a benchmarking exercise of the Council's Climate Emergency Action Plan against other Local Authorities. This will be completed by summer 2022.

3.3 Progress and achievements during 2021/22

- See Highlight Report, Appendix 1 for details of activity on leadership, the three priority areas for action and community engagement.

3.4 Organisational and staffing changes have been made to align and prioritise Council policy and service delivery.

- Appointment of a new Sustainable Communities Director role and the recruitment of two Head of Service roles for Sustainable Transport and Green Transformation. The Climate and Ecological Emergency work will report to the Head of Service for Green Transformation.
- Three new officers were recruited to the Climate and Sustainability Team in the last quarter of 2021 and one new climate officer in the Planning Policy team. Four more new posts will be recruited in the first half of 2022.
- One Shared Vision, the district-wide strategic vision report, forms the basis of work being undertaken by the Future Ambition Board (FAB). Climate and Nature is one of four theme groups set up by the FAB and will reflect the 'green' ambitions set out in the One Shared Vision report. Scoping work is underway with partner organisations and proposals for future Climate and Nature work will be presented to the FAB on 8th June 2022.

3.5 Leadership, lobbying and shaping national policy.

- The council leader, supported by the Cabinet Member for Climate Change and Sustainable Transport, called for WECA's proposed Climate Emergency Strategy, to include for more significant strategic ambition to enable the region to lead a zero carbon transition.
- The Cabinet Member for Climate Change and Sustainable Transport spoke as a witness at the Bristol Airport Expansion Enquiry, opposing the expansion on climate grounds.

- Responses submitted to Government Consultations including to the Waste and Resources Strategy – polluter pays and deposit return scheme, BEIS greenhouse gas dataset, Heat Decarbonisation Strategy, Transport Strategy, Planning Policy White Paper.
- The council attended the UK100 Leaders' Summit and is a signatory of UK100's COP26 Letter calling for stronger climate leadership from the Government.

3.6 Key actions planned for 2022-23. See Appendix 1

- The route map outlines two tracks 1) the key national climate and carbon emission policy context, 2) local milestones. In collaboration with other local stakeholders and citizens, the council will play a range of roles to lead, facilitate or enable area-wide emissions to be cut and targets achieved.
- To note, the route mapping exercise planned for 2021 has been delayed due to prioritisation of resource and capacity in response to COVID and to allow for staff capacity building. Therefore, this action has been carried forward to the Action Plan for 2022/23.
- The Council recognises that there is a gap in our response to the Climate Emergency in terms of adaptation to unavoidable climate change and intends to take action to fill this gap during 2022-23.

3.7 Carbon emission reporting and inventory

- Reporting and progress across the organisation is monitored through the Council's Integrated Reporting Framework.
- The council's carbon emissions inventory is updated each year. The inventory captures scope 1 and 2 emissions. Scope 1: carbon emissions directly from the burning of fossil fuels for heating and transport: gas, coal and vehicle fuel. Scope 2: indirect carbon emissions calculated through the consumption of electricity for heating, cooling, equipment and lighting.
- The carbon emission inventory report is also used to submit the council's annual returns to the Covenant of Mayors and CDP reporting programmes.
- Area wide emissions continue to reduce in a downward trend (source: BEIS annual data). The latest data shows emissions are 671.3 ktCO₂e. A reduction of 37% when compared to 2005 the baseline year.
- Emissions from council buildings and operations for the year 2020/21 are 2,699 tCO₂e. It should be noted that the council has achieved a substantial cut in its emissions by two thirds (67%) compared to the baseline year of 2009. Achieved through a range of mitigation measures, covering building measures, street lighting, technology upgrades, greater efficiency, and renewable energy installation.

See Highlight Report Appendix 1 for more detail.

3.8 Community engagement activity

- The Climate Emergency Community Engagement programme developed around the key principles of informing, sharing, leading, connecting and enabling has delivered a wide range of activity throughout the period and has enabled more by local residents.
- Issues and topics covered, range from community group action planning through to home energy efficiency, business energy efficiency and volunteering opportunities. The programme was adapted to enable activity to take place during lock-downs.

See Highlight Report, Appendix 1 for more detail.

3.9 An update on the Ecological Emergency/Nature Recovery Action Plan

- The Council declared a separate Ecological Emergency in July 2020. We have a long and strong history of work on biodiversity, landscape and ecology and a range of current strategies, partnerships and projects, both at local and West of England level that are relevant to the ecological emergency.
- The November 2021 Environment Bill, will bring in the 10% Biodiversity Net Gain (BNG) requirement for most planning applications from November 2023, and for the development of Local Nature Recovery Strategies
- Our local Ecological Emergency Action Plan is being reviewed to assess how the Local Nature Strategy and Action Plan will work together and be developed during 2022/23.
- Within the Green Transformation service area, a new Green Infrastructure & Nature Recovery team has been formed to lead on our approach to Biodiversity Net Gain and a Local Nature Recovery Strategy.
- This year, working across the West of England we have taken a key role in the development of:
 - The West of England Nature Partnership Strategy
 - The Bristol Avon Catchment Plan
 - The West of England Tree & Woodland Plan (funding for tree planting)
 - The B&NES Tree plan has also been developed.
- In B&NES, a new policy for Biodiversity Net Gain has been developed as part of the Local Plan Partial Update. Existing green infrastructure and nature recovery work has continued through Bathscape, Waterspace and Bath River Line, as well as funding bid development for Somer Valley Rediscovered, Chew Valley Reconnected and the Connecting Landscape programme connecting Mendip Hills and Cotswolds.
- B&NES has contributed to the following external nature recovery projects:
 - the development of a Fish Recovery Strategy
 - the update of the Bristol Avon Catchment Management Plan
 - Woodland Trust - Emergency Tree Fund bid
 - the review and update of priority habitat across WoE
 - BNG standards and guidance for the WoE
 - Avon Beaver Management Group
 - Working guidance on protective habitat buffers for new development.

4 STATUTORY CONSIDERATIONS

- 4.1 The activity outlined in this report is fully in line with the expectation on local authorities to take local action on the climate issue contained in the Climate Change Act 2008. And, further, is in line with the 2018 UN Inter-governmental Panel on Climate Change report on the need to reduce carbon emissions more quickly in order to prevent the world from warming by more than 1.5°C.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 The recruitment programme underway to expand capacity in the Climate and Environmental Sustainability Team and the 2022-23 work plan are budgeted for.

6 RISK MANAGEMENT

- 6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance.

7 EQUALITIES

- 7.1 The climate emergency research programme in 2019 included a review of per capita carbon emissions, showing higher carbon emissions for higher income households. This analysis informs the development of the Council's work to ensure support for lower income and vulnerable residents such as the Housing service's work on home energy efficiency and fuel poverty alleviation.

8 CLIMATE CHANGE

- 8.1 This report updates on the corporate effort to drive, coordinate and support action across the Council and the area in pursuit of the commitments made in the Climate Emergency Progress Report to Council in October 2020, to enable delivery of the March 2019 Climate Emergency Declaration.

9 OTHER OPTIONS CONSIDERED

- 9.1 The Council's approach to tackling the Climate Emergency referred to in this report was developed and determined following discussions at senior officer and Cabinet member level, informed by specialist consultants, who conducted the first stage of evidence gathering and research during the summer of 2019.

10 CONSULTATION

- 10.1 The report has been reviewed by the Sustainable Communities Leadership Team, Corporate Management Team, Chief Executive, the S151 Officer and the Monitoring Officer.

Contact person	Jane Wildblood, Strategic Manager: Climate & Environmental Sustainability
Background papers	For further details on how the Council is responding to the climate emergency see the Climate Emergency section on the website.
Please contact the report author if you need to access this report in an alternative format	

Climate Emergency

Highlight Report

32%

of residential properties with **EPC*** rating **A-C** in B&NES

1.5K

Homeowners interested in joining Solar Together group buy offer

£82.5K

Energy efficiency grant awarded to 10 SMEs

22.5MW

Total installed renewable energy capacity

£421,544

Green Homes Grant (LAD*) spent on home energy retrofit

66%

Cut in carbon emissions from Council estate since 2010.

Area wide carbon emissions

37%

1,063 ktCO₂
2005
671 ktCO₂
2019

Business Carbon Surveys

33



29



Parish & Town Councils actively working on climate and nature issues

831

cyclists on average used the Bristol to Bath cycle path daily in 2021

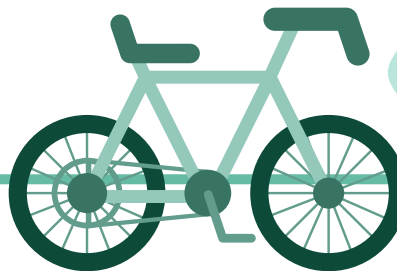
35.2K

Trees planted on Council and private land since 2020

League tables for recycling

4th out of 92 unitary local authorities

15th out of all 338 local authorities

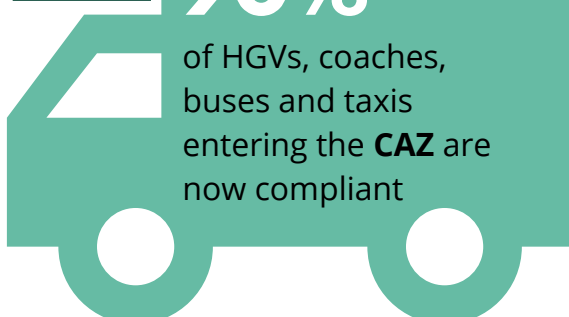


69

Public EV Charging Devices

90%

of HGVs, coaches, buses and taxis entering the **CAZ** are now compliant



59.2%

Waste reused, recycled and composted in 2021



Reducing waste sent to landfill



15%

2020

3%

2021

*Energy Performance Certificate
* Local Authority Delivery scheme



Key Outcomes Delivered

2021 - 2022

Leadership and Strategy

The first Local Authority to enact a Local Plan Partial Update to respond to the climate emergency – due for adoption 2022



First Local Authority outside of London to introduce a charging Clean Air Zone



Strategy and Plan alignment continued, including:

Economic Strategy - realignment in progress due for adoption Summer 2022



Procurement & Commissioning Strategy 2021-2024 - "Think Climate, Think Local, Think Innovation" adopted



Woodland and Tree planting Delivery Plan developed

Journey to Net Zero – Transport Plan with a revised timetable, due for adoption Spring 2022



Development of performance monitoring on climate and nature activity across key service areas, as part of the Council's Integrated Performance Reporting and Joint Spatial Needs Assessment



Low carbon new build: Sladebrook Road & Bath Quays

Retrofit & renewable energy: Charlton House Care Home & Grosvenor Place



Tranche two active travel schemes on Upper Bristol Rd and Beckford Rd constructed by summer.

In 2021 the library joined a digital news and magazine subscription service reducing waste and increasing accessibility

Engagement

The Climate Emergency webpages have been updated with phase 2 revision scheduled for Spring 2022

The Zero Carbon Nature Positive Network microsite developed to enable more detailed sharing and conversation between community groups

An E-learning climate literacy course. Staff climate literacy programme being rolled out and adapted for virtual delivery.

Inaugural Climate & Biodiversity Festival, 35+ events over two weeks, covering broad range topics. Majority of events were community led. Over 500 people took part.

A day-long Leadership and elected members Climate Literacy course was held in March 2021

The Community Engagement Programme is ongoing

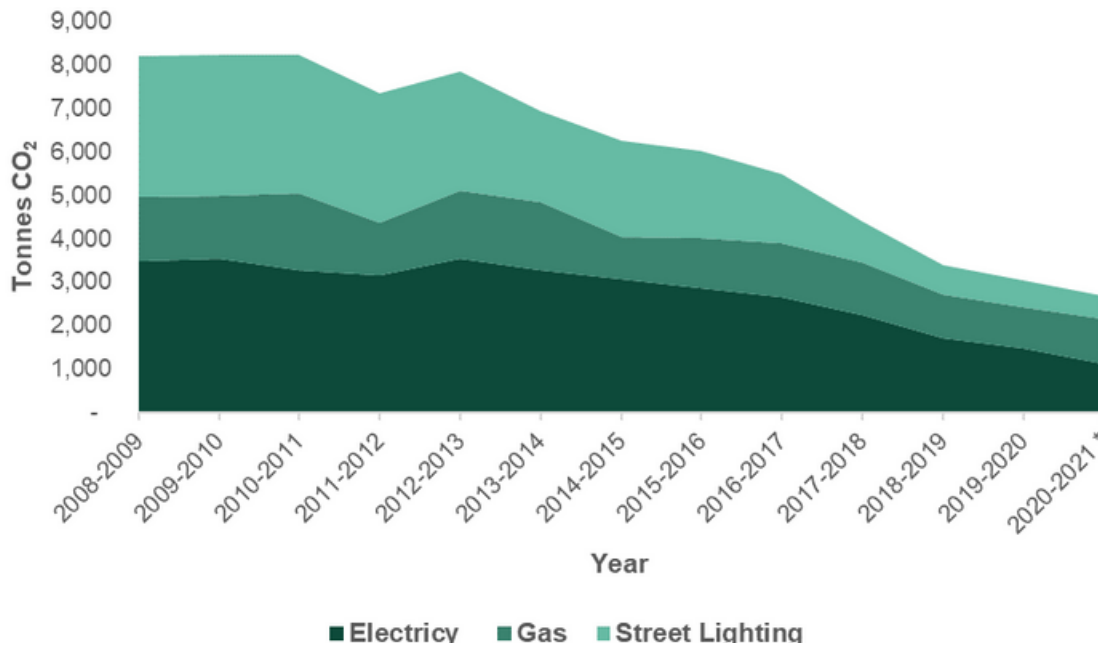
Liveable Neighbourhoods scheme is now under consultation



Carbon Emissions

Progress Update

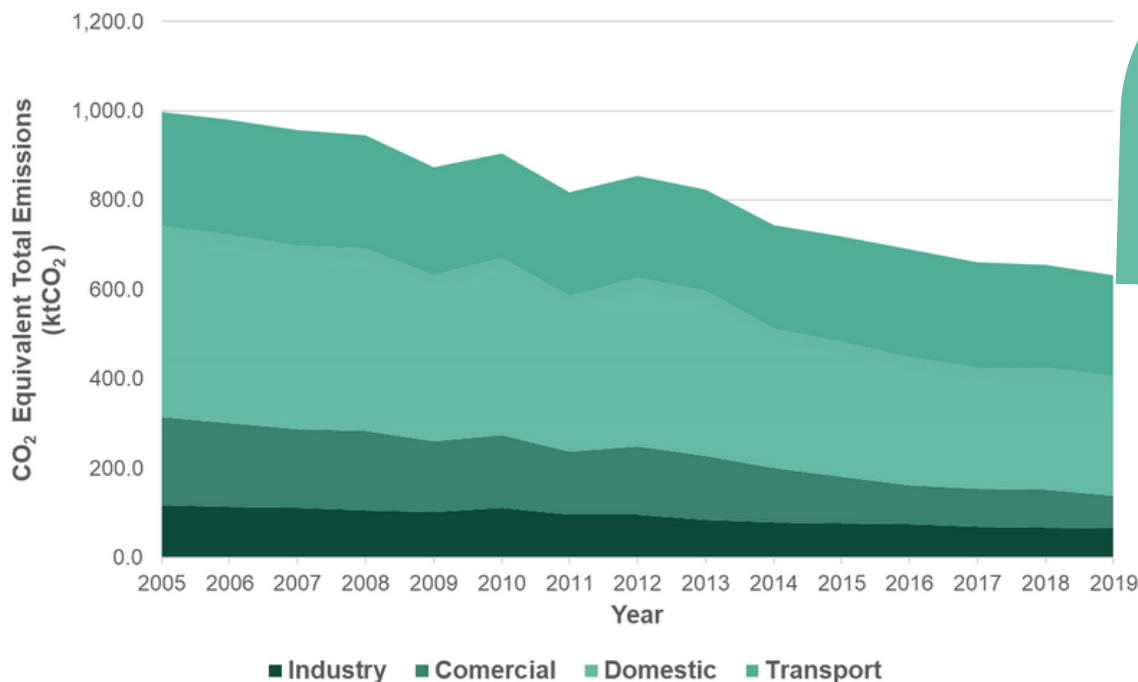
Council Managed Carbon Emissions



In 2021/22 our total emissions have dropped to 2,699 Tonnes CO₂*

Since 2010 Council carbon emissions have decreased by 67%

Area Wide Carbon Emissions by Sector



In 2019 our total emissions dropped to 671.3 ktCO₂

Since 2005 emissions have reduced by 37%

*Provisional data

Community Engagement

Progress Update

Council Communication Channels

Regular news and opportunities are added to the Climate and Ecological Emergency newsroom. Opportunities are shared via Community mailing lists.

Social media

Maintained regular climate and carbon reduction content on main Council and dedicated GreenBathnes social media channels. Video content is also available on Council Youtube Climate playlist.

Website

Climate Emergency webpages have been refreshed, including specific pages on 'what you can do' for residents and businesses.

Zero Carbon, Nature Positive Community Network

Virtual network microsite launched for citizens, community groups and parish/town councils. The site will support sharing resources, Promoting events and providing a platform for local climate action.

Participation Events

Inaugural Climate and Biodiversity Festival held in the run up to COP26. Other events incorporating climate and nature included: Kurk Jackson VAG exhibition, Summer Reading Challenge, Festival of Nature & Communicate, Tree Planting, Tree Weekender, Somer Valley and Bathscape Walking Festivals.

Parish and Town Council partnership working

Comprehensive mapping of Parish climate declarations and actions and summary published. Parish Council Toolkit updated. One-to-one and Forum-level support provided to Parishes. Annual Climate and Nature Parish network meet up held in September.



A Focus on Achievements

2021 - 2022

The Highlight Report outlines the key achievements in 2021-22. This section includes more detail about some of that work.

Action to reduce carbon emissions provides a host of other opportunities and benefits. Achieving the district-wide zero carbon 2030 target will also create improved health, social equality, and economic and community resilience. At the end of each project summary below, we've noted the predominant co-benefits.

Co-benefits

In 2019, the Council was invited by Ashden to join a working group to develop the Ashden Toolkit for Councils. Alongside a directory of action, four co-benefits associated with action to cut carbon emissions were identified:

Health, Economy, Equity, and Resilience.



Transport – Liveable Neighbourhoods



Changes to transport and how we travel are crucial in the journey to reach net zero by 2030. Over reliance on privately-owned vehicles and a lack of reliable public transport are some of the challenges the Council must address to create positive climate action.

£2.2m has been allocated to develop and deliver fifteen priority Liveable Neighbourhood schemes as part of the Climate Emergency Action Plan. Through a range of measures including vehicle restrictions, traffic calming, one-way streets, and resident parking zones, the schemes aim to reduce the dominance of privately owned vehicles in residential areas while enabling and encouraging active travel. A Citizens Panel on active travel has been arranged for Spring 2022.

Co-benefits:



Economy



Health

Low-carbon building at Bath Quays



224 photo voltaic panels have been installed, which cover an area half the size of a five-a-side football pitch, on the new office development at Bath Quays South. The development now hosts the largest solar array in Bath and will provide the building with a reliable source of renewable energy.

The building is also fitted with a range of other energy efficient measures, such as LED lighting and a coating on windows to reduce heat loss and gain. The future-facing design will increase the buildings' energy efficiency and reduce the long-term carbon footprint of the development.

Energy efficiency improvement and local renewable energy generation are priority areas of action in Bath and North East Somerset. This project forms part of the council's direct impact on carbon emissions and leads the charge on energy-efficient buildings in our district.

Co-benefits:



Economy



Resilience

Planning – Local Plan Partial Update



Engaging with the community as individuals, community groups, or through Parish and Town Councils, is essential if the Council wants to be successful in achieving its goal of net zero by 2030. In September 2021 the council ran its first Climate and Biodiversity festival which saw over 500 people take part in 35+ events relating to climate and nature over two weeks. Most events were community led and supported already active climate groups in promoting local projects.

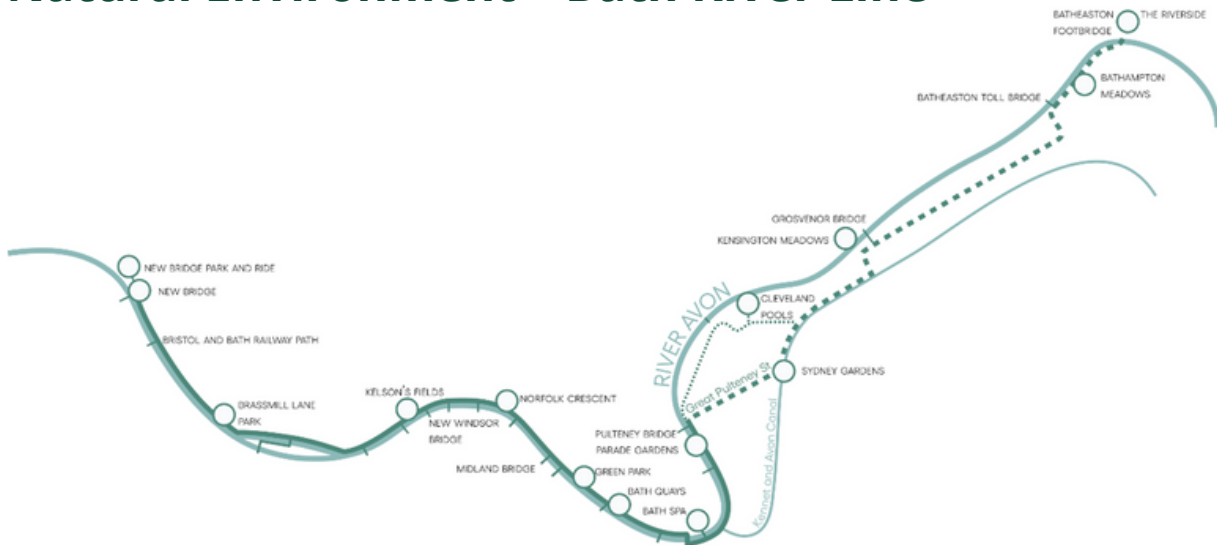
The festival provided a platform to discuss what a changing climate means for Bath and North East Somerset. It showcased the work taking place across the council to support residents and to meet the actions outlined in the Climate Action Plan. To support ongoing networking following the festival, the Zero Carbon Nature Positive online network was launched, and membership is increasing.

Co-benefits:



Resilience

Natural Environment – Bath River Line



Bath and North East Somerset Council is delivering a series of projects to maintain and improve the natural environment, while also reducing carbon emissions. Protecting and enhancing the natural environment can mitigate the effects of climate change through creating carbon sinks and providing flood protection. Green spaces are also key for active travel schemes as demonstrated by the Bath River Line project.

The project will create a linear park following the River Avon from Bathampton to Newbridge. Covering 10km, it will connect beautiful green spaces and city landmarks, creating a high-quality route for walking and cycling. Central to the River Line project is biodiversity recovery through the restoration of lost habitat which will in turn provide climate benefits.

Co-benefits:  **Health**  **Equity**

Council service delivery – Climate Literacy



Postponed by the pandemic, the rollout of a bespoke e-learning course and day-long climate literacy training for council staff began in the autumn of 2021 and runs monthly. The successful rollout represents a commitment to integrate the climate emergency into everything the council does. By raising staff understanding of the emergency, and their role in combatting the issue, the training embeds the need for climate to be considered at all levels of decision making.

Co-benefits:  **Resilience**

Waste and Recycling – Pixash Lane



Residents in Bath and North East Somerset have reached an impressive Reuse, Recycling and Composting rate of 59.2%; the highest since records began. In support of this high rate, and with a view to reducing and recycling even more in the future, a new state-of-the-art recycling hub in Keynsham is due to open in 2023.

The hub is designed to meet the waste and recycling needs of the area for the next 40 years. The facility will expand public recycling provision, making it easier for people to recycle, and will help in reducing general waste and operating costs. The hub has been designed with sustainability measures built in, ensuring high thermal performance and low energy need buildings. All buildings onsite will include the installation of solar PVs on the roof, with a total solar array of more than 1700m², generating an estimated 650MWh of electricity per year.

Co-benefits:



Economy



Resilience

Increasing renewable energy generation on homes



Two schemes have been running in tandem in 2021-22. The LAD2 grant programme has been helping improve the comfort, conditions, and energy performance for households on joint income under £30k per year, living in homes that have an energy performance rating (EPC) of E, F or G. As well as energy efficiency measures such as insulation, rooftop solar panels are also being installed with £421,544 having been invested to date.

Alongside that, the council has promoted the pilot renewable energy and battery storage group buying scheme West of England Solar Together. Solar Together offers residents a way to access a pre-selected, qualified installer and competitive pricing for installations in homes. The scheme received 1533 registrations of interest, with 80% of registrants saying that they heard about the scheme through council communications. Installations are underway and due to complete in the first half of 2022-23.

Co-benefits:



Equity



Health



Resilience

Planning – Local Plan Partial Update



A consultation on the partial update to Bath & North East Somerset's Local Plan and changes to Supplementary Planning Documents was completed in 2021. The changes ensure that planning policies better reflect the of Climate and Ecological Emergencies and to help meet the net zero by 2030 target.

The proposed changes include new guidance on energy efficiency for existing buildings, a net zero carbon policy for new builds, a revised renewable energy policy, and much more.

Planning policies impact on a wide range of issues related to tackling the Climate Emergency, such as enabling a shift to mass and active transport, supporting local renewable energy generation, and adaptation to problems like extreme heat or flooding. Results from the consultation are due for examination by the planning inspector in Spring 2022 and will feed into the development of the local plan partial update.

Co-benefits:



Economy



Resilience

Reducing Supply Chain Emissions



The Climate Emergency Procurement and Commissioning Strategy will become operational in 2022-23. It ensures that the £200 million spent by the Council each year on commissioning goods, works, and services aligns to and helps deliver the council's climate commitments. Lifecycle assessments will be undertaken and a consideration of a supplier's capacity to address these impacts when awarding contracts.

Co-benefits:



Resilience

Libraries – The sharing economy



The Council's three main Libraries and 10 community-managed libraries are built on the foundation of resource efficiency through sharing, borrowing and reuse. Libraries provide residents with free access to books, DVDs, maps, music, computers, and a range of other services. Investment has been made in environmentally-focused titles for children and adults, and outside of Covid restrictions volunteers run a regular home energy information session.

In the year 2020/2021 libraries lent approximately 93,000 items, including books and audiobooks for 12,752 active members of the library. Over 133,000 titles were also borrowed through the digital library service. In 2021 the library joined a digital news and magazine subscription service called Libby increasing the number of publication titles readers can access from approximately 50 to 4000. This move has dramatically reduced the waste generated from providing physical copies and increased access with around 68,000 titles being borrowed from this digital service in 2021.

When a hardcopy of a book needs to be replaced, either due to wear or because it contains out of date information, the library sells them to Bookbarn. A business local to Bath and North East Somerset, Bookbarn rehomes used library books at highly discounted rates, while books which are severely damaged are recycled into house insulation giving them a second life. The revenue generated through this process is then fed into buying new books to expand the library's collection, directly benefitting resident readers, and continuing the cycle of share, reuse, and borrow.

Co-benefits:



Equity

Want to know more?

- View our dedicated [climate and ecological emergency web pages](#)
- Find out the latest on how we are tackling the Climate and Ecological Emergency through [our newsroom](#)
- Stay up-to-date by signing-up to the [council's weekly e-connect newsletter](#)

Key Actions

2022 - 2023

This is a summary of actions the council is taking on the three priorities set in 2019, based on a well-researched evidence base into where the biggest emissions are coming from i.e. reducing emissions from transport and buildings, and rapidly increasing local renewable energy.

More detailed actions are contained in the relevant plans of each Council service area.

Leadership

Develop and **refresh Climate Emergency strategy** and longer term action plan, including clearer timeline and milestones to 2025 and 2030. Audit West will provide support and benchmarking against other local authorities.

Area-wide **Climate and Nature Partnership** development ensuring that climate is a cross-cutting theme in all One Shared Vision partnerships.

Working with **WECA** and West of England councils on a collaborative and regional Climate Emergency action plan and **Green Recovery Fund** to ensure action against the key B&NES climate priorities: home energy efficiency retrofit and local renewable energy development (alongside existing funding for transport and green infrastructure initiatives).

Working with **WECA** and partners to support businesses to decarbonise and transition to a low carbon economy.

Continue to lobby and influence **regional and national policy development**.

Leading by Example: Continue the work **aligning council plans and policy** with the council's climate commitments.

Including: Economic Strategy (and from it the Employment and Skills Plan) and Events Policy

Priority: Leading carbon reduction in buildings

Develop area-wide **retrofit approach** to address skills, supply chain and delivery aspects.

Implementation of project on **Minimum Energy Efficiency Standards** for private landlords.

Begin full **Local Plan** update.

Local Plan Partial Update adoption and implementation.

Leading by Example:

Construction of **Keynsham Recycling Hub**.
Deliver pipeline of **refurbishments to improve energy efficiency** in council-owned residential building and corporate estate properties.

Priority: Leading carbon reduction in transport

Implementation of **Journey to Net Zero** transport plan.

Implementation of first co-designed **Liveable Neighbourhoods** schemes.

Completion of final phase of **Go Ultra Low West** funded electric vehicle charging projects.

Begin delivery of infrastructure projects funded through **City Region Sustainable Transport Settlement** 2022–2027.

Leading by Example:

- Continue expansion of the **council green fleet** used for service delivery.
- Modernising waste services for increased recycling rates and **route efficiency**.

Priority: Increasing renewable energy generation

Developing leadership role in **partnership**, including with the **community energy sector**, to accelerate renewable energy delivery across the district in line with the 2030 net zero target.

Leading by Example:

Allocation of capital for **solar installations** on further two council care homes and development of project pipeline for further investment.

Business case development for commissioning further **renewable energy installations** on council assets.

Community engagement

Facilitate a second, community-led, Climate festival.

Increase membership and participation in the Zero Carbon, Nature Positive Network community.

Social media campaign programme.

Enabling Community Forum Working Groups to deliver carbon-reduction initiatives and tackle climate change within their communities.

Route Map

2019
Declare Climate
Emergency

Council Action

2022

**Context
Government
Targets:**

2023

Ofgem to invest 300m in grid strengthening, including supporting 3500 EV charge points

2023

Environment Bill 2020 expected to come into force

£216k investment in renewables on Council assets

Improved partnership working through One Shared Vision to deliver climate action

Construction start of low carbon Keynsham Recycling Hub

First Liveable Neighbourhood areas implemented

2025

Expected decision on long term decarbonisation of heat*

2025

Future Homes Standard: No fossil fuel heating in new builds *

New fast (22kw) and rapid (50kw) public EV charge points installed in 7 council car parks, plus two taxi EV rapid chargers

Delivery of 5 year city region sustainable transport fund projects

2023

Waste and Recycling Strategy adopted

Develop an approach to enable domestic retrofitting

Local Plan Partial Update adopted

Full Local Plan policy update

2030

End sales of new petrol and diesel cars and vans*

2035

78% reduction in UK emissions*

Aim for 25% reduction in car use

Major new cycle and pedestrian paths in Bath, followed by schemes in Keynsham and the Somer Valley

New Reuse shop and public Recycling Centre open at Keynsham Recycling Hub

300MW of new installed renewable energy capacity

2030

2050

Bath & North East Somerset Council	
MEETING:	Council
MEETING:	24 March 2022
TITLE:	Appointment of the Independent Person & Independent Member
WARD:	All
AN OPEN PUBLIC ITEM	
List of attachments to this report: Appendix 1: Biography	

1 THE ISSUE

- 1.1 The report invites the Council to appoint the Independent Person and an Independent Member.

2 RECOMMENDATION

- 2.1 The Council is asked to approve the appointment of the Independent Person with responsibility for supporting the Standards Committee, as set out in section 5.
- 2.2 Note the resignation of Ms Russell and record the thanks of the Council for her contrive to maintaining high standards of behaviour during her tenure as an independent member of the Standards Committee.
- 2.2 Confirm the appointment of an Independent Member of the Standards Committee, as set out in section 5.

3 FINANCIAL IMPLICATIONS

- 3.1 None

4 STATUTORY IMPLICATIONS

- 4.1 The Council is required by law to adopt a Code of Conduct and to make arrangements under which allegations can be investigated and decisions on allegations can be made. This includes the appointment of at least one Independent Person (IP) whose views must be sought and considered on any Code of Conduct complaint under investigation. B&NES has decided to appoint

two IPs in accordance with recommendations by the Committee on Standards in Public Life, and Guidance produced by the Local Government Association.

- 4.2 The current membership of the Standards Committee is:
- 5 elected Members (2 from the Conservative, and 1 each from the Liberal Democrat, Labour, and Independent groups, plus 1 substitute from each of those groups);
 - 3 Independent Members (one of the Independent Members shall chair the Committee);
 - 3 Parish Representatives (with 3 substitutes)

5 STANDARDS INDEPENDENT PERSON

- 5.1 The role is complementary to but distinct from the role of independent co-opted members of the Standards Committee. The co-opted members participate fully in the deliberations of the Committee, both on complaints cases and policy and procedural matters. The Independent Person's role is to be a source of advice to the Committee, members against whom complaints are made and the Monitoring Officer in the effective operation of the Standards regime.
- 5.2 As required by law, the position of Independent Person has been advertised and several applications were received and considered. Council is recommended to appoint Roger Morris. Brief biographical details are set out in Appendix 1.

STANDARDS INDEPENDENT MEMBER

- 5.3 A co-opted independent member of the Standards Committee recently resigned, and Council is recommended to appoint Sophie Sidonio as a replacement co-opted member of the Standards Committee. For the last 16 years Ms Sidonio worked as a civil servant In HM Revenues and Customs and the Foreign & Commonwealth Office as a senior manager on IT and Data projects, Senior Policy Adviser in Law Enforcement and as an Intelligence Manager in Border Management. As a long-standing Civil Servant, she has a good understanding of, and history of delivering and upholding, the Nolan Principles.

6 RISK MANAGEMENT

- 6.1 No risk assessment related to the issue and recommendations has been undertaken as the Council needs to put in place the arrangements contained in this report.

7 EQUALITIES

- 7.1 Equalities Impact Assessments have been carried out and are available for public inspection.

8 ADVICE SOUGHT AND CONSULTATION

- 8.1 The Council's Chief Executive, Monitoring Officer (Divisional Director – Legal and Democratic Services) and Section 151 Officer (Divisional Director - Finance) have had the opportunity to input to this report and have cleared it for publication.

Contact person	Michael Hewitt, Head of Legal and Democratic Services (Ext 5125)
Background papers	The Council's Constitution
Please contact the report author if you need to access this report in an alternative format	

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Appendix 1

ROGER MORRIS – BIOGRAPHY

Roger J.B. Morris was born in 1946 Abergavenny, Monmouthshire, U.K. and brought up in St. Helens, Lancashire, from where he attended Liverpool College (1955-64) and read Law at Peterhouse, Cambridge (1964-67). He was also awarded the postgraduate Cambridge LL.B. and LL.M. degrees in 1971 and 1975 respectively, and in 2015 was awarded a Ph.D. and the status of Honorary Visiting Fellow by Leicester University (which he still holds). His thesis subject was mid-Victorian local legislation, since published as *Local Government, Local Legislation* (below). He is married, with a married son, two step-children and grand-daughters.

After early career experience in local government law at St. Helens and Grimsby, in April 1981 he became Chief Executive of the City of Durham, moving in June 1986 to become Chief Executive and Town Clerk of Northampton Borough Council. He retired from there in July 2004.

Roger Morris was professionally active in local government throughout his career, and was President of the Association of District Secretaries in 1979-80, President of SOLACE in 1995-96, and also President of its trade union counterpart ALACE for some years up to 2004. He has been a member of the Law Society's Board for its Diploma of Local Government Law and Practice since its inception in 1982, and has chaired it for some twenty-five years. He still has a current Solicitor's practising certificate. In addition, he is a member of the LGA's Panel of Independent Investigators.

He has written widely, including *Parliament and the Public Libraries* (1977); *The Public Lending Right Handbook* (1980); *Solicitors and Local Authorities* (1982); *Local Government Ground Rules* (1990); (with Roger Paine) *Will You Manage? The Needs of Local Authority Chief Executives* (1995); (with Mark Heath) *Running Elections* (9th edition 2022); and *Local Government, Local Legislation: Municipal Initiative in Parliament 1858-1872* (2017).

Roger Morris was Chairman of the Corporation of Northampton College from 2005 to 2015, and was a Governor from 2000 to 2017; he was also Chair of the Association of Colleges Governors' Council (and the elected member for the East Midlands Region) from 2009 to 2014; he is a Trustee of the Victoria County History Trust for Northamptonshire; and since 2004 has been a Consultant for the Association of Local Authority Chief Executives (ALACE). He was awarded an OBE for services to Further Education in the 2014 Birthday Honours.

March 2022

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Sophie Sidonio - Biography

Sophie Sidonio was born in Bath and spent her childhood in the City before living in a number of UK and European cities. Sophie returned to live in Bath in 2010. Sophie attended Hayesfield Girls' School before graduating with a Bachelor of Social Science in Social Anthropology from Manchester University. Sophie lives in the Walcot Ward with her 12-year-old son.

Sophie had a career in several disciplines including event management, recruitment, and the NHS, before joining the HM Revenue and Customs (HM Customs and Excise at time of joining) graduate programme in 2003. Sophie was promoted off the graduate programme to a senior management position (Grade 7) and worked within the Civil Service in HMRC and the Foreign and Commonwealth Office for 16 years. Her roles as a Civil Servant included Senior Project Manager of several large and complex IT and Data Projects; Senior Policy Advisor in Law Enforcement; Intelligence Manager in Border Management; and Team Leader of a Port Customs and Excise Team. As a long-standing Civil Servant Sophie has a good understanding of, and history of delivering and upholding, the Nolan Principles. Sophie retired in 2019.

Sophie has a good knowledge of BANES and a few the communities within it. In particular, for a number of years she has been actively involved, on a voluntary basis, with the BANES Carers' Centre. She has also been actively involved with several disability and support groups such as BANES Parent Carers' Voice.

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Bath & North East Somerset Council		
MEETING	Council	
MEETING DATE:	24 March 2021	
TITLE:	Councillor attendance - 6 month rule dispensation	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix A - Councillors subject to further dispensation		

1 THE ISSUE

1.1 A report to consider councillor attendance, as Covid restrictions are lifted.

2 RECOMMENDATION

The Council is asked to;

2.1 To agree that the members listed in Appendix A (and/or announced at the meeting), who are unable to attend a council meeting for a period greater than six months, due to long covid or the higher risk of serious illness from Covid 19 for themselves or for their family members, receive a dispensation further to section 85(1) of the Local Government Act 1972 until 24 September 2022.

3 THE REPORT

3.1 On the 7 May 2021 the power for Councils to hold meetings virtually in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panels Meetings) (England and Wales) Regulations 2020 (the 'Regulations') ceased.

3.2 The Council then implemented contingency arrangements to enable Council decision making to continue as far as possible while minimising risk of transmission. This involved virtual 'informal' Council meetings to enable all

Councillors to take part, which then informed a quorate (socially distanced) meeting of Council to formally approve the decisions.

3.3 This system worked well, but one consequence is that attendance at the full virtual 'informal' Council meetings does not constitute an official attendance within the parameters of the Act.

3.4 The dispensation granted by Council on 7 May 2021 lasted until 7 November 2021. The 6 month grace period provided by the Act, before a member is disqualified, expires on the 6 May 2022. Although the government has lifted all Covid restrictions and no longer provides advice for those previously considered clinically extremely vulnerable there remains a small number of people at higher risk of serious illness from Covid 19. Due to the exceptional nature of the higher risk, this course of action is considered appropriate.

4 STATUTORY CONSIDERATIONS

4.2 Section 85(1) of the Local Government Act 1972 states that all councillors must attend a committee meeting of the council within a six month period unless the failure was due to a reason approved by the local authority.

4.3 Council is asked to resolve that special dispensation is granted to those members listed in Appendix A (and/or announced at the meeting) for any non-attendance at meetings of the Council until 24 September 2022.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 None.

6 RISK MANAGEMENT

6.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision making risk management guidance and Covid risk assessments.

7 EQUALITIES

7.1 None

8 CLIMATE CHANGE

8.1 None

9 OTHER OPTIONS CONSIDERED

9.1 Failure to address this issue will result in Councillors being disqualified.

10 CONSULTATION

10.1 Group Leaders, Chief executive, S.151 Officer & Monitoring Officer

Contact person	Michael Hewitt, Interim Monitoring Officer Michael_Hewitt@bathnes.gov.uk
Background papers	None
Please contact the report author if you need to access this report in an alternative format	

Councillors subject to further dispensation

Councillor June Player
Councillor Doug Deacon
Councillor Sarah Bevan
Councillor Chris Watt

Bath & North East Somerset Council	
MEETING:	COUNCIL
MEETING DATE:	24th MARCH 2022
TITLE:	ANNOUNCEMENT OF CHAIR(MAN) & VICE-CHAIR(MAN) DESIGNATE FOR 2022/23
WARD:	ALL
AN OPEN PUBLIC ITEM	
List of attachments to this report: None	

1 THE ISSUE

- 1.1 The purpose of this report is to invite the Council to name a Councillor as Chair(man) of the Council (Designate) for the next Council Year beginning in May 2022.
- 1.2 The Council, at its Annual Meeting in May 2022, will still be required formally to elect a Councillor to be the Chair(man) of the Council for the forthcoming Council Year.
- 1.3 Council may wish to indicate at this stage any intentions for the Vice Chair(man) position for 2022/23 or leave that until the Annual meeting.

2 RECOMMENDATION

- 2.1 That the Council names a Councillor to be treated for forward planning purposes as Chair(man) of the Council (Designate) for the 2022/23 Council Year.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications arising from this report.

4 CORPORATE PRIORITIES

- 4.1 Because of the pivotal role of the Chair(man) of the Council in the community, the nomination of the Councillor who will hold the office from May 2022 will contribute towards the achievement of the Council's vision of Bath and North East Somerset as a distinctive place with vibrant communities.

5 THE REPORT

- 5.1 The Chair(man) represents the Council at a number of civic engagements, whilst also supporting various awards and functions which require advance planning.
- 5.2 It is extremely helpful to community groups, and to the internal administration and scheduling of the Chair(man)'s functions, to have advanced confirmation of the Councillor who will hold the office from May 2022 and their preferred style of working and availability, although there is no requirement on the Council do so in advance of the Council's Annual Meeting. The Council may prefer to leave the matter until then, when the election of Chair(man) for the year will by law be the first item of business on the agenda.

6 RISK MANAGEMENT

- 6.1 No risk assessment related to this issue is required because the decision as to whether to make a nomination at this stage in the Council Year rests solely with the Council and does not affect the legal requirement for the Chair(man) to be elected at the Annual General Meeting in May.

7 EQUALITIES

- 7.1 The wide range of community groups who seek civic involvement in their activities through inviting the Chair(man) to their events will be helped in their diary planning by having a Councillor named as Chair(man) Designate at this stage. It will also assist the Councillor with his or her preparations for their year as Chair(man).

8 ISSUES TO CONSIDER IN REACHING THE DECISION

- 8.1 The Council's civic and corporate community interests.

9 ADVICE SOUGHT

- 9.1 The Chief Executive, the Monitoring Officer and the Section 151 Officer have had the opportunity to provide input to this report and have cleared it for publication.

Contact person	<i>Jo Morrison, Democratic Services Manager, telephone 01225 394358</i>
Background papers	<i>None</i>
Please contact the report author if you need to access this report in an alternative format	

Bath and North East Somerset Council

Full Council meeting 24 March 2022

Liberal Democrat Motion on Cleaning Up Our Rivers

To be proposed by Councillor Jess David

Council notes:

1. The recent report of the House of Commons Environmental Audit Committee (Jan 2022) which found that rivers in England are in a mess: "a 'chemical cocktail' of sewage, agricultural waste, and plastic is polluting the waters of many of the country's rivers".
2. That only 12% of the Bristol Avon catchment is classified as having 'good ecological status' with the main sources of pollution being treated sewage discharges and diffuse pollution from farming and land management.
3. That rivers in B&NES are an irreplaceable asset for both people and nature, enjoyed by many for recreation and leisure, and part of the rich landscape character and natural capital of our area.
4. That Bath and North East Somerset Council is a member of the Bristol Avon Catchment Partnership which includes Wessex Water, the Environment Agency and Wiltshire Council and is working closely with partners to identify and deliver collaborative solutions to improve water quality and improve the water environment for people and wildlife.
5. That not all properties in B&NES are connected to the public sewage system or to private sewers and that some continue to discharge wastewater straight into the river or into non-compliant, polluting soakaways.
6. That Government funding to the Environment Agency to monitor river quality and regulate sources of pollution has dropped by 75% in the last decade.

Council believes:

1. That cleaning up our rivers is important for public health and to protect and enhance wildlife, and that this requires the involvement of a wide range of stakeholders including water companies, farmers, land-owners, developers and businesses.
 2. That investment in our sewerage system must be accelerated so that discharges of untreated sewage, including from storm overflows cease.
 3. That farmers and land managers have a responsibility to monitor and reduce the flow of pollutants (including nutrients and pesticides) from their land into rivers.
 4. That government must provide the funding and powers to enable more effective monitoring and enforcement by water regulators; OFWAT and the Environment Agency.
 5. That water companies must continue to improve the public information they provide on sewage discharges to ensure that it is accessible and as close to real time as possible.
- *Unless where specifically set out in the statute, motions approved at Council do not bind the Executive (Cabinet) but may influence their future decisions.*
 - *Councillors are reminded of their public sector equality duty which requires the Council to consider or think about how their policies or decisions may affect people who are protected under the Equality Act.*

6. That developers and property owners have a role to play in reducing surface water from entering the combined sewer system. Installing sustainable urban drainage systems (SUDS), both in new buildings and through retrofitting, and reducing 'urban creep' can help to reduce the load on our sewerage system.
7. That government must legislate to ban the sale of non-degradable and plastic containing wet wipes which are a major cause of blockages and capacity issues in the sewer network. The incorrect disposal of fats, oils and greases is also a cause of blockages.
8. That the capacity of environmental infrastructure (including sewerage systems) must be sufficient to support new housing development and that water companies must engage with local authorities in the preparation of new drainage and sewerage plans.
9. That the Council has a role to play in educating and raising awareness of the many individual behavioural changes that citizens can make to lessen their impact on water pollution and harm to the water environment.

Council therefore resolves:

1. To write to Government Ministers to ask that they:
 - a. Restore funding the Environment Agency to ensure a stronger regulatory regime for river water quality that delivers year on year improvements.
 - b. Increase funding for Catchment Partnerships so that they can do more to engage all partners in the actions needed to improve river water quality.
 - c. Strengthen the legal obligations and powers available to water companies to contribute to improving river water quality.
 - d. Ban the sale of non-degradable and plastic containing wet wipes as a major cause of blockages in the sewage system.
 - e. Introduce incentives for the introduction of SUDS through new build development and retrofitting.
2. Work with our partners Wessex Water to:
 - a. Accelerate their plan to reduce the environmental and health impacts of discharges from the sewage system, including improving monitoring and information available to the public;
 - b. Ensure that all properties in B&NES are connected to the mains sewage system, have a compliant treatment system or a septic tank, and that all developers are aware of their obligations;
 - c. Identify opportunities for the installation of community-level SUDS that can help to reduce the load on the combined sewer network;
 - d. Engage residents to avoid the use of disposable wet wipes and communicate wider messages about only flushing the three P's (*pee, poo and paper*) down the toilet.

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3. To continue to support the work of the Bristol Avon Catchment Partnership to engage all riparian landowners, including farmers, and local communities in an action plan to tackle pollution and improve river water quality.
4. To refer the topic of cleaning up our rivers to the Climate Emergency and Sustainability Policy Development and Scrutiny Panel for their further consideration and monitoring.
5. Through the planning system:
 - a. encourage the use of SUDS to deal with surface water and reduce the amount of water going into combined sewers;
 - b. explore opportunities through the new Local Plan to reduce 'urban creep' and to avoid or mitigate pollution from intensive farming within catchment areas.

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Council 24 March 2022

Ukrainian Refugees

Labour Group to move:

This Council:

- 1 Notes that at the time of writing more than 2.5 million civilians have fled Ukraine in what the UN has described as the fastest-growing refugee crisis since World War Two. The EU anticipates up to four million people may try to leave as a result of the conflict and that seven million people could become displaced within Ukraine.
- 2 Notes that under the Homes for Ukraine scheme, sponsors in the UK are able to nominate a named individual or family to stay rent-free in their home or in a separate property for at least six months and that there is no cap on the number of refugees who can benefit from this scheme. Further notes that refugees will be allowed to live and work in the UK for at least three years and that they will be entitled to access healthcare, benefits, employment support, education and English language tuition.
- 3 Notes that it is anticipated that local authorities will receive £10,500 in extra funding per refugee for support services with more for children of school age, and that hosts will be offered £350 per month.
- 4 Believes that the escalation of violence, repeated bombings and attacks on Ukraine pose a serious threat to peace and democracy across Europe.
- 6 Recognises that support for refugees cuts across party politics and that councillors from across the political spectrum will wish to stand shoulder to shoulder to express their full support and solidarity with Ukrainian people and affirm their commitment to provide help and support to Ukrainian nationals.
- 7 Recognises the generosity and goodwill of B&NES residents who showed through the welcome they gave Syrian refugees that this is an area which is willing and able to provide sanctuary to desperate people and further encourages those wishing to help to donate to established organisations such as the British Red Cross and Unicef as well as the Disasters Emergency Committee.
- 8 Notes that on 1 March, the Leader of the Council wrote to the Home Secretary and to the Parliamentary Under-Secretary of State for Safe and Legal Migration to express solidarity, call for visa requirements to be lifted and reiterate the readiness of this Council to welcome refugees.
- 9 Agrees that a further letter be sent to both the Prime Minister and the Home Secretary repeating this Council's willingness to welcome Ukrainian people fleeing war and persecution in their own country and urging the UK government to act to ensure that the UK does all it can to help alleviate this humanitarian crisis.

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