

Corporate Policy Development and Scrutiny Panel

Date: Monday, 13th March, 2023

Time: 4.00 pm

Venue: Council Chamber - Guildhall, Bath

Councillors: Karen Warrington, Winston Duguid, Mark Elliott, Andrew Furse,
Lucy Hodge, Shaun Hughes, Hal MacFie, Alastair Singleton and Sally Davis



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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>

Paper copies are available for inspection at the Guildhall - Bath.

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:-**

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Corporate Policy Development and Scrutiny Panel - Monday, 13th March, 2023

at 4.00 pm in the Council Chamber - Guildhall, Bath

A G E N D A

1. WELCOME AND INTRODUCTIONS
2. EMERGENCY EVACUATION PROCEDURE

The Chair will draw attention to the emergency evacuation procedure as set out under Note 6.

3. APOLOGIES FOR ABSENCE AND SUBSTITUTIONS
4. 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 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 4.4 Appendix 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.

5. TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN
6. ITEMS FROM THE PUBLIC OR COUNCILLORS - TO RECEIVE STATEMENTS, PETITIONS OR QUESTIONS RELATING TO THE BUSINESS OF THIS MEETING

At the time of publication no notifications had been received.

7. MINUTES (Pages 7 - 18)

23rd January 2023
30th January 2023

8. ECONOMIC STRATEGY

There will be a presentation at the meeting.

9. INVEST IN BATH AND NORTH EAST SOMERSET

There will be a presentation at the meeting.

10. AEQUUS UPDATE (Pages 19 - 26)

11. CABINET MEMBER UPDATE

The Cabinet Member will update the Panel on any relevant issues. Panel members may ask questions on the update provided.

12. PANEL WORKPLAN

Please note that there are no meeting dates after May 2023 due to the local elections taking place. Workplans will be on hold until new arrangements are established

The Committee Administrator for this meeting is Michaela Gay who can be contacted on michaela_gay@bathnes.gov.uk, 01225 394411.

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BATH AND NORTH EAST SOMERSET

MINUTES OF CORPORATE POLICY DEVELOPMENT AND SCRUTINY PANEL MEETING

Monday, 23rd January, 2023

Present:- **Councillors** Karen Warrington, Winston Duguid, Mark Elliott, Andrew Furse, Lucy Hodge, Shaun Hughes, Hal MacFie, Alastair Singleton and Sally Davis

34 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting, including the members present from the Climate Emergency and Sustainability PDS Panel and the Children, Adults, Health and Wellbeing PDS Panel who had been invited to participate in discussion on the Budget.

35 EMERGENCY EVACUATION PROCEDURE

The Chair drew attention to the emergency evacuation procedure.

36 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

There were none

37 DECLARATIONS OF INTEREST

There were none.

38 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

There was none.

39 ITEMS FROM THE PUBLIC OR COUNCILLORS - TO RECEIVE STATEMENTS, PETITIONS OR QUESTIONS RELATING TO THE BUSINESS OF THIS MEETING

David Redgewell, Transport South West, made a statement to the Panel regarding the budget and the transport levy to the West of England mayoral combined transport Authority.

Councillor Duguid stated that, if the Mayor took more powers it would be access to the block grants and the concern is that the DRT (demand responsive transport) would be fine if it was an adjunct to existing services but in rural communities it is going to be a substitution and this is a paradigm shift. With your experience, what do you think are the chances of success of this approach? David Redgewell stated that a 9 seater vehicle for Keynsham or the Chew Valley is not going to work. He stated that whatever size vehicle it is, it still needs a bus driver and they are in short supply. We need the authority Leaders to re think this and it could be done.

40 MINUTES

The Panel confirmed the minutes of the previous meeting as a true record and they were duly signed by the Chairman.

41 BUDGET AND COUNCIL TAX 2023/24 AND FINANCIAL OUTLOOK

Andy Rothery, Chief Finance Officer (Section 151 Officer) and Councillor Richard Samuel, Cabinet Member for Resources introduced the report. Councillor Samuel set the context – he explained that since 2010 there had been a steady decline in external grants to Local Authorities. The Council would have more core funding if it were not for this decline, the Covid period and current inflation issues have added further stresses.

Andy Rothery gave a presentation to the Panel which covered the following:

- Autumn Statement National Headlines
- December Settlement Headlines
- Budget Summary – demand and funding changes (5 years)
- Cost pressures and assumptions included in the forecast
- Budget Growth of £17.5m
- Proposal regarding Council Tax and Social Care precept
- Capital Programme 2023/24 to 2027/28
- General Fund Un-Earmarked Reserve

Panel members made the following points and asked the following questions:

Councillor MacFie asked the following questions (*officer replies shown in italics*):

- Can we offer reductions in business rates (for a period, such as 2 years) as an introductory benefit and if so how is this done? *The officer explained that smaller businesses (rateable value £15k or below) qualify for some relief. The scheme for retail/hospitality/leisure is also continuing into next year.*
- If we have some vacancies (not full employment) is there some money left over or do we budget for not having full employment? *The officer explained that 2/3% vacancy factor is built into the base budget regarding staffing levels.*

Councillor Furse asked the following questions (*officer replies shown in italics*):

- Regarding recruitment, is it optimistic to assume a 2% salary increase going forwards? *We recognise the risk that next year may be higher and have budgeted at 3% plus 1% contingency for 2023/24.*
- Regarding capital funding savings – with inflation and the increase in the cost of borrowing – will the savings be narrower? *This has been factored in.*
- Regarding Council Tax banding, we have some high value properties, can we ask the Government about adding bands? Residents in lower bands have more burden. *The Cabinet Member explained that the current bands were set in 1991. The Government has not brought them up to modern levels. The system is inherently unfair and not related to the income of the occupier. It is a regressive tax. All areas are affected by this.*

- Regarding managing risk, are the £12.6million reserves earmarked? *The unearmarked reserve risk is separate from earmarked reserves.*

Councillor Hodge asked the following questions (*officer replies shown in italics*):

- Regarding the level of savings we have to find this year, has the risk been quantified. Is the proportion of cost reduction against income similar to previous years? *The proportions are similar although slightly higher on income. The Cabinet Member further explained that the income that comes from the Commercial Estate, Heritage and Car Parking is not limitless, they cannot be constantly increased so we have to look at other sectors for efficiencies for example being tougher on arrears.*
- Amber/Green risks – *The risks have been assessed, there is 10% contingency against savings.*
- Is the £7.39m returning to reserves pay back? *Yes, this is pay back.*

Councillor Elliott asked the following questions (*officer replies shown in italics*):

- £10m of the £14m savings are still amber – is this a high risk and what is the tracking mechanism, how will we know how we are doing? *There are rigorous budget monitoring processes which are reported to Cabinet. Amber risk is normal at this stage.*
- The largest saving – Adult Social Care £4.8m (Amber) – when will we know the outcome of the negotiations with the NHS? *This is a funding adjustment rather than a service level adjustment, the process will conclude by 1st April 2023.*

Councillor Hughes asked the following questions (*officer replies shown in italics*):

- Is the Better Care Fund (£70m) re branded or new money and will it include recruitment of care workers? *This is not new money, the NHS/Council funding is mandated and will have an inflationary uplift. There is an opportunity to review and redirect funds. The officer will send the Better Care schedule to panel members.*
- Will planned improvements to Park and Ride facilities (£400k) include improved security? *A range of improvements are planned on the following – customer information/waiting area/security and signage. There have been no decisions yet.*

Councillor Furse made the following observations/points:

- Gulls - £20k on this area does save money in waste services so that cutting it will have an effect. *The Cabinet Member explained that since DEFRA recategorized gulls as protected, it has been very difficult to take effective measures. The reduction is about no longer providing advice, we will still protect our estate.*
- Welcome investment in parks and play areas
- City centre access permits – this is worrying in terms of equal access to the city

- The increase in filming and events fees could cause concern for smaller events
- Remembrance events – concerns about removing funding. *The Cabinet Member explained that there is no intention to cut this, the Charter Trustees are taking over events.*

Councillor Singleton asked the following questions (*officer replies shown in italics*):

- Are we underestimating things with regard to inflation, what happened regarding the last pay deal? *Regarding the pay settlement for 2022/23, it is a fixed allocation rather than a percentage increase, and the challenge is the recurrent funding, it is recognised in the numbers.*
- Are there grounds for optimism regarding risk contracts? *No optimism yet, with energy prices rising there has been a significant rebasing. There may be a bit of respite but won't be a benefit for a couple of years. The Cabinet Member added that there is also a labour shortage in the Country.*

Councillor Duguid asked the following questions (*officer replies shown in italics*):

- What is the outturn for this year – where are we? *The Quarter 2 position was an overspend of around £4.5m, there is a financial recovery plan in place. The Quarter 3 position has improved with less overspend. The Cabinet Member explained that the biggest pressure is in Children's Services, he explained that following a CIPFA review there will be some changes in practice which focus on investment in preventative services to stop children falling into the care system. This will be difficult with double funding for a period of time. He also explained that funding for unaccompanied asylum children is shared out by the Home Office across the Country, this often involves very tailored care packages which the Home Office does not fully fund.*
- There is a caveat 'provisional' figures? *Yes the provisional figures go through consultation but do not usually change significantly. We should know in early February.*

The Chair took questions from members of other PDS panels.

Councillor Walker (Chair of Climate Emergency and Sustainability Panel) welcomed the funding for Park and Ride facilities. She asked about the Neighbourhood Services increase and that in Highways. She asked how the impact on residents and customers is checked. Regarding Euro 6 vehicles, she asked how it can be part of a consultation but also be in the budget. *The officer explained that regarding Highways – there is a basket of measures including savings and increased income (rebasings the budget and a vacant post). She explained that at this stage of the budget, there is ongoing consultation and that a detailed impact assessment will be done along with continued review. Regarding Neighbourhood Services, she explained that this was also made up of a basket of measures (details to be forwarded)*

Councillor Pritchard (Chair of the Children, Adults, Health and Wellbeing Panel) stated that he had heard conflicting reports regarding the budget – some have reported £10m in reserves and Councillor Samuel reported as saying there are £54m

in reserves. *The Cabinet Member explained that there is £12m in unearmarked reserves and £54.2m of earmarked reserves.*

Councillor Pritchard asked how the Liberal Democrat administration planned to bring Adult Social Care in house, he asked about the costings. *The Cabinet Member explained that the funds have been allocated for the preparatory work.*

He further explained that the Cabinet have made the decision on this and are on track. The officer explained that the funding comes from the existing care provision.

Councillor Pritchard stated that since the decision was made, there has been a considerable change in the financial climate, has the Cabinet considered changing to a more staged approach. *The Cabinet Member stated that the decision has been made and will not be revisited, he stated his belief that the services are best provided by the Council.*

Councillor O'Brien asked about the funding for the change regarding the Adult Care contract as the contract does not end until next year. *The officer explained that currently, transition funding is in place – there are funds from ring fenced reserves for the transition. He explained that for service change of this nature a project budget for any transition is necessary and appropriate.*

Councillor Malloy asked about the World Heritage Enhancement fund (£20k) and where alternative funding has been sought. *The officer explained that other funds cover capital improvement in the city centre. There is no reduction in commitment.*

Councillor Hughes asked if future budget information could show the percentage of the budget to give context to the numbers. He also asked if feedback could be given on the success rates, by department, could be communicated. *The officer stated that he would try to make sure this information was given for next years budget round as it is not easy to do immediately. He agreed that the information would give context and be useful. Regarding success rates, he explained that there is a quarterly budget monitoring report. Regarding the 2021/22 budget, it was 93% delivered and 90% forecast for this year.*

Councillor Hodge asked about prescribing reductions - £100k reduction in the contingency for drug prescribing. The officer explained that the public health team receive a grant. The budget has been held for several years and not been required but there is still scope for options if needed.

Councillor Warrington asked about the Equalities Impact Assessment (EIA) with regard to the City Centre Security Permits and potentially the Clean Air Zone (CAZ) if we are looking at the possibility of increasing charges to private cars. She stated that she wanted to make absolutely sure that the EIA's are revisited as the when savings or charges come through. The Cabinet Member stated that there was no proposal and would be no charges for cars in the CAZ. The officer gave assurance on the process for the assessments. Councillor Furse explained that page 58 referred to the City Centre Security Zone, not the Clean Air Zone

The Chair thanked all for participating.

42 CABINET MEMBER UPDATE

The Cabinet Member for Resources, Councillor Richard Samuel updated the Panel on the following:

- There is a developing position on supported bus funding. This issue came to us in late December, budget preparation starts in July so colleagues have worked very hard to minimize disturbance to the bus services. It is difficult to find extra support at such a late stage in the budget process but we have been able to create some stability.

43 PANEL WORKPLAN

The Panel noted the future workplan. It was noted that the item on Aequus had been moved from 30th January 2023 to 13 March 2023.

The meeting ended at 5.40 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

BATH AND NORTH EAST SOMERSET

MINUTES OF CORPORATE POLICY DEVELOPMENT AND SCRUTINY PANEL MEETING

Monday, 30th January, 2023

Present:- **Councillors** Karen Warrington, Winston Duguid, Mark Elliott, Lucy Hodge, Shaun Hughes, Alastair Singleton and Sally Davis

Apologies for absence: Councillors:

44 WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the meeting.

45 EMERGENCY EVACUATION PROCEDURE

The Chair drew attention to the emergency evacuation procedure.

46 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS

Councillor Furse gave his apologies and was substituted by Councillor Hounsell.

Councillor MacFie gave his apologies and was substituted by Councillor Hirst.

47 DECLARATIONS OF INTEREST

There were none.

48 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN

There was none.

49 ITEMS FROM THE PUBLIC OR COUNCILLORS - TO RECEIVE STATEMENTS, PETITIONS OR QUESTIONS RELATING TO THE BUSINESS OF THIS MEETING

There were none.

50 MINUTES

There were suggested additions to the minutes. Amended minutes will be brought to the next meeting of the Panel for confirmation and signing.

The Chair explained that a summary of the comments/questions on the Budget item from the meeting on 23rd January 2023 had been circulated. Panel members indicated their approval of this summary which to be forwarded to the Cabinet for consideration as part of the budget discussions.

51 BUSINESS CHANGE HUB PROGRAMME

Amanda George, Director of Business Change & Customer, and Marc Higgins, Head of Service – Business Change Hub, gave a presentation which covered the following:

- Business Change Hub Update Introduction
- Role of the Business Change Hub
- Principle programmes of work
- Customer Experience programme
- Customer Experience workstreams
- Children and Education Transformation Programme
- Programmes
- Corporate Landlord model
- Integrated Corporate Landlord
- Development of a toolkit and processes

Panel members asked the following questions and raised the following points:

Councillor Singleton asked if the 'customer experience' referred to only external customers or did it include internal customers. The officer explained that customer service standards are being introduced at present. This does include internal customers as well, the work covers both.

Councillor Hirst asked how success will be measured and recommended that a balance be found around robust processes but not too much bureaucracy. The officer explained that it was not a large department and he did not want to create a bureaucratic system. He explained that it was a diverse organisation with some significant programmes of work and some small. Regarding measurement of success, the officer explained that measures regarding specific outcomes are being developed.

Councillor Hughes asked if the primary driver is to reduce costs. The officer explained that the critical driver is improvement of outcomes and how we operate.

Councillor Davis asked officers if they were confident that Parish and Town Councillors are kept in the loop. She also asked if feedback regarding Councillor Direct is followed up. The officer explained that Councillor Direct is a central email address and that the feedback has been good. Regarding Parish Councillors, this is on the radar. The service design team will be contacting them regarding 'Fix My Street'.

Councillor Hodge asked the following questions (*officer responses shown in italics*):

- Has there been investment in the unit? *There has been £330k per year initially and there will be core funding from April.*
- How will you report back? *We are working on governance at present, feedback will depend on the project.*
- How does the unit sit with internal audit? *There is not a duplication with internal audit, we act as an internal consultancy which may dovetail with audit.*
- How do you hope to get employee buy in? *This has come from the Senior Leadership Team. Work will be focused, we are not involved in business-as-*

usual work. Employee buy in is important, we work a lot with a service at the start to build a relationship and engagement.

Councillor Hounsell commented that it is useful to inform Parish clerks about works or surveys (eg. Surveys carried out regarding the Local Plan) as then there are less calls to local Councillors and officers.

Councillor Singleton asked if an in-house work team will be recommended. The officer stated that the Corporate Landlord Model would address this eventually. Value for money will be a consideration. Councillor Singleton asked how the Corporate Landlord Model is defined. The officer explained that there will be a strategy as to how assets are managed.

Councillor Duguid asked where we are on the journey regarding the Corporate Landlord Model in relation to other authorities. The officer explained that this is a widely used model which provides consistency. There is work to do towards a corporate approach to managing our assets.

Councillor Warrington commented on clarity of objectives – she noted that the overriding driver is customer experience and this will result in some efficiencies. The Corporate Landlord Model will mean it is easier to change the strategy. The officer stated that this is a reasonable summary – the primary driver is improved outcomes, there will be a digital-first approach where possible. Savings are also possible.

The Chair thanked the officers.

52 SOMER VALLEY ENTERPRISE ZONE

Richard Holden, Operations Manager - Bath & Somer Valley Enterprise Zones (SVEZ), introduced the item. He gave a presentation which covered the following:

- SVEZ – Redline boundary including highways network improvements
- Reasons for intervention
- Engagement Process
- Illustrative Masterplan
- Structural landscaping
- Maximum Heights
- Next Steps
- Highways Interventions Along A362
- SVEZ Roundabout
- Sunnyside Road Widening
- Thicket Mead Roundabout
- Bat Survey/species and West Cycle Track update from WECA
- Noise and Air Quality Assessments
- 4m Fence at Plot 12
- 2m Acoustic Fencing

Panel members asked the following questions and made the following points:

Councillor Hirst asked about traffic infrastructure, in particular the A37 link and how the traffic impact will be managed. The officer explained that he is working with a traffic management modelling team and there is a raft of data on traffic and an extensive modelling exercise. 4 key areas of mitigation have been identified.

Councillor Hirst asked if there was an update regarding 'noise TBC' (page 44). The officer explained that there are no disbenefits in terms of noise but a couple of mitigations have been proposed, an example being an acoustic fence.

Councillor Warrington asked if the modelling included the A37. The officer stated that this has been included, there are no physical changes proposed.

Councillor Hughes stated that he was on the key stakeholders group. He stated that the team have reached a good point and he is happy overall with where things are. The main concerns have been the employee numbers on site and avoiding retail on the site. He also explained that residents have had concerns around the delivery plan, especially in light of the business centre in the area which is closing and the gap until the new facility opens. He asked how confident officers are that this development will happen. The officer stated that he is alert to residents' concerns regarding the closure of the business centre and is hopeful that the location can be repurposed. In terms of the delivery of the SVEZ, he explained that plot P6 and P8 have the potential for flexible working space and support for small businesses. There is a delivery strategy but there will still be a couple of years before enabling activities.

Councillor Hughes asked about the timeline. The officer stated that the highways works have to come first.

Councillor Hodge asked the following questions (*Officer responses shown in italics*)

- Are there any other examples of a similar development? *This is the first LDO for the authority and they are limited in the country.*
- How are the conditions enforced – who decides on this? *There are a set of conditions in advance of the LDO, as it is adopted, the conditions are locked in.*
- What happens if there is non-compliance? *The design codes set the parameters for the entirety of the site. Parameters are set such as the nature of the finish, colours, and materials. A compliance application would be submitted and compliance would have to be proved. It is strict – the Enterprise Zone is an exemplar regarding Climate and Ecological Emergency and the development sets a high bar to be future proof.*

Councillor Duguid asked about the triple bottom line – social, environmental and economic. *The officer explained that the SVEZ is looking at zero net carbon and will set a precedent for future developments.*

Councillor Hughes asked about viability reports in terms of a developer taking a plot but not able to meet all of the conditions. He asked if it would be the same as the planning process. The officer explained that viability remains a challenge. He explained that the private sector has not brought forward an Enterprise Zone.

Councillor Warrington asked about public transport and broadband in terms of the project. The officer explained that the scheme does introduce some bus stops

(working with WECA and CRSTS). He confirmed that there would be provision for superfast broadband.

The Panel **RESOLVED** to ask Cabinet to consider the following:

- 1. Clarity on the highways impact of the road between the A37 to the double mini roundabout in Radstock.
- 2. Clarity in the design codes/guides and to make sure that the conditions are enforced.
- 3. Future proofing is considered (Economic, Social and Environmental)

53 CABINET MEMBER UPDATE

The Cabinet Member for Resources, Councillor Richard Samuel, informed the Panel that the budget papers had been published.

54 PANEL WORKPLAN

The Chair updated the Panel on a potential future item regarding Council Tax surcharge. She stated that there was nothing that the Panel could do on this at present and that statutory instruments were in place.

The Panel noted the future workplan

The meeting ended at 5.57 pm

Chair(person)

Date Confirmed and Signed

Prepared by Democratic Services

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Bath & North East Somerset Council		
MEETING	Policy Development & Scrutiny Panel	
MEETING DATE:	13 th March 2023	EXECUTIVE FORWARD PLAN REFERENCE:
		E 9999
TITLE:	Aequus Group – Performance Update	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
Appendix 1 – Aequus Performance Update as at 31 December 2022		

1 THE ISSUE

- 1.1 The report provides an update on the performance of the Aequus Group for the year to date (31st December 2022) against the approved company Business Plan Objectives.

2 RECOMMENDATION

The Panel is asked to;

- 2.1 Note the performance update report for the Aequus Group as at 31st December 2022.**

3 THE REPORT

- 3.1 The objectives for the Aequus Group are set as part of the Business Planning process approved by the Shareholder and are used to focus the company's priorities and as the key benchmark for assessing company performance.
- 3.2 The company performance for the 9 months April 22 to December 22 is set out at *Appendix 1* against the specific approved Business Plan objectives for the period, together with a performance commentary for consideration and discussion by the Board. Key performance headlines include:

- The developments at St Joseph Court (Sladebrook Road) and 117 Newbridge Hill have been completed to a high standard. Sladebrook Road received Bath Property Award for Best Residential Development.
- The Malmain Drive, Frenchay development for 30 low energy homes has started on site and is progressing well with a “topping out” event being held in March.
- Works on Crescent Gardens Lodge and Theobold House for conversion into temporary accommodation have started on site and are progressing well.
- We are supporting B&NES with the progression of the BQN, BWR and Midland Road sites through various stages of feasibility and planning as part of a programme of potential future delivery sites.
- Proposals for affordable housing are proceeding with a number of identified sites now progressing through planning and design stages. The Argyle works site and 19 Westgate Street have both been granted planning permission and are at the tender stage.
- The completed new homes at Sladebrook Rd, achieved excellent low energy ratings with the low energy approach now adopted for new housing developments.
- Feasibility proposals for a number of Commercial Estate repurposing properties have been provided to the Council including proposals for the Local Authority Housing Fund.
- The Initial Business Cases for the development of the sites at The Grange, Warmley, The Castle School, Thornbury Filton as part of the ongoing partnership working arrangements have been developed for SGC. The IBC for Charborough Road, is also due to be considered in March.
- Demand for private rental properties remains strong with void levels well within target and a strong emphasis placed on acting as a responsible landlord.
- The financial targets set by the Shareholder are anticipated to be achieved with £1M of revenue returns delivered.
- The approved Company Restructure was implemented in May 2022.
- The company continues to engage with neighbouring local authorities for further potential partnership working similar to the arrangements in place with South Gloucestershire Council.

3.3 The Panel is asked to discuss and note the performance update for the Aequis Group as set out in details at Appendix 1.

4 STATUTORY CONSIDERATIONS

- 4.1 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. The current Aequus 3-year Business Plan was approved by the Council in March 2022 and included the setting of the company objectives.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 Section 7 of the approved Aequus Business Plan set 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.

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. The key dependencies in respect of the Business Plan are set out in Section 8 of that document. Aequus governance arrangements include a specific Audit and Risk Committee to oversee the company's audit and risk management arrangements.

7 EQUALITIES

- 7.1 Equalities impacts are considered through the local letting plans and Housing policies applicable to Housing Services under the relevant policy decision. The company's objectives are to deliver housing in compliance with the Council's policies. The Council undertakes specific equalities assessments relevant to the Decisions in enters through the Governance of the company as Shareholder

8 CLIMATE CHANGE

- 8.1 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 approach to low energy housing for new developments.

9 CONSULTATION

- 9.1 Consultation has taken place with the Statutory Officers, Cabinet Members and the Council's Client Board.

Contact person	Simon Martin - Director Regeneration & Housing Tel: 01225 477407
Please contact the report author if you need to access this report in an alternative format	

AEQUUS - Company Performance against Objectives 2022/23 - Quarter Ended 31st Dec 2022

Ref	PERFORMANCE OBJECTIVE	ACTUAL PERFORMANCE COMMENTARY	Performance vs Objective
OPERATIONAL			
1	To identify and progress residential development opportunities for both Social Housing and Private Sales subject to consents and approvals.	<p>The St Josephs Court development at Sladebrook Road was finished and all sales completed in June 2022. This included 2 Shared Ownership properties to B&NES.</p> <p>The sale of the development at 117 Newbridge Hill was completed in December 2022. This provides 7 new social housing units for the Council and we supported B&NES to remedy a historic contamination issue.</p> <p>The acquisition of the Malmaisons Drive, Frenchay site was completed in April and started on 25th July. Construction is scheduled to take 77 weeks and is progressing well. The contract for sale of the affordable homes to Alliance Homes was completed on 5th Sep.</p> <p>Work on Crescent Gardens Lodge and Theobald House for B&NES temporary accommodation commenced in Sep and both are progressing well.</p> <p>The Argyle works site receive planning permission for 8 affordable units on 21st Sep and design and tender work is underway.</p> <p>We are working with both B&NES (300 units+) and SGC (200+ units) to progress a number of sites through the planning process, in line with approved Business Plan.</p>	On target.
2	To deliver repurposing of the Council's commercial estate in accordance with agreed Business Cases.	<p>A number of properties have progressed through the feasibility stage of the process in accordance with the agreed Council Briefs. This includes properties identified for potential affordable housing, private rented sector and other options.</p> <p>Business Case options have been submitted and updated to reflect challenges with the market arising from recent high interest rates.</p> <p>B&NES are considering these proposals including specific legal advice.</p>	Progressed as far as practicable.
3	To continue to identify suitable opportunities for affordable housing led developments on land owned or acquired by the Council.	<p>Sites at Argyle Works (planning approved), Danes Lane, Westgate Street (planning approved) and Upper Borough Walls (Listed Building App) are progressing per Council instructions.</p> <p>Cotterel Court was identified as potential for affordable housing and a fee to progress planning has been approved.</p> <p>Refurbishment underway for temporary accommodation at Theobald House and Crescent Gardens Lodge - both progressing well.</p> <p>We are also working on a proposal to support delivery of 22 Units utilising the Local Authority Housing Fund.</p>	On target.
4	To be fully compliant with planning policy requirements for energy efficiency and sustainability and to continue to explore opportunities for improvement in energy and carbon efficiency to meet future Council aspirations for housing standards.	<p>The AECB Building standard was achieved on Sladebrook Road site with homes receiving an EPC 'A' rating and Zero carbon in use. This is now the baseline for new housing sites including the site at Malmaisons Drive, SGC which is progressing well. The cost of Passivhaus standard is also being explored although, the premium for this appears to be currently unviable (based on the initial business case for a partner site).</p>	On target.

5	To identify suitable land purchase opportunities to the Council, supporting acquisition as required.	<p>A range of potential sites have been identified to the Council and are tracked at regular monthly meeting with Council lead officer. Priority given to potential One Public Estate sites although these appear limited at present.</p> <p>ACL completed the acquisition from South Glos of the site at Malmain Drive for 30 family homes (11 affordable) under a Sales and Overage Agreement in April 2022. This is the first in a pipeline of future South Glos sites for acquisition. The IBC's for The Grange (220 units) and The Castle School (100 units) were approved by SGC in July and August respectively.</p> <p>Aequus are in discussions with neighbouring authorities to explore potential options for similar sale and overage arrangements.</p>	<i>On target.</i>
6	To ensure void levels on private rented homes remains below 5%	Actual ADL void levels are just 3.36% with void levels regularly monitored by the Board. Demand for private rental properties remains strong with rent reviews undertaken at the end of tenancy agreements. Currently working with B&NES to take on the management of 10 rental units as part of a corporate property acquisition made by the Council (these currently have a 50% void level).	<i>On target.</i>
7	To refurbish transferring stock of Council residential properties in line with planning policy.	No properties coming forward via this route for ADL refurbishments in YTD. B&NES undertaking condition survey work on a sample of properties to help determine next steps for the Council with current returned voids.	<i>N/A</i>
8	As a responsible Landlord, continue to ensure we review our response and maintenance standards to ensure our service is of a high quality.	<p>All maintenance undertaken as a priority once reported by tenants in so far as it is within Aequus control. Work to maintain EPC ratings identified in two properties where improvement works have been undertaken.</p> <p>Rental arrears across the portfolio minimal although under close review due to cost of living challenges. We are also engaging with tenants to ensure the rises in energy costs do not adversely impact property conditions e.g. incidence of damp.</p>	<i>On target.</i>
FINANCIAL			
9	To deliver the following total revenue financial returns to the Shareholder (tbc)		
9b	•2022/23 = £1,000K (structure & site dependant)	<p>A return of £1,000K to the Council is currently anticipated to be met in full for 2022/23 recognising profits achieved and approved Business Plan pipeline of sites.</p> <p>In addition a £100K discount was achieved for the Council on shared ownership properties at Sladebrook Road with a further £150k discount for 117 Newbridge Hill together with potential overage.</p>	<i>On target.</i>

10	To maintain loan to value ratio below 75% on all developments.	<p>The development loan for Sladebrook road was fully repaid in the second quarter. The development loan for 117 Newbridge was fully repaid in December. The current LTV's for other development is as follows:</p> <ul style="list-style-type: none"> - Malmain (South Glos) - 10% (£1.134M) 	On target.
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CORPORATE

11	To continue to support partnership working with South Glos Council and develop a pipeline of partnership delivery sites using a "Sale and Overage Approach" .	<p>Partnership work with South Glos Council is progressing well. The Malmain Drive Site, Frenchay is under construction and making good progress.</p> <p>The a pipeline of partnership delivery sites using a "Sale and Overage Approach" is as follows:</p> <ul style="list-style-type: none"> - The Grange, Warmley (220 Units) - IBC approved, Master Planning Stage (pending SGC decision) - Castle School, Thornbury (100 Units) - IBC approved, Full Planning Stage - Charborough Road (40 Units) - Feasibility Stage - Vinney Green (30 Units) - Feasibility Stage <p>We have also opened discussions with other neighbouring local authorities to explore similar opportunities following discussion with the Shareholder.</p>	On target.
12	At the request of the Shareholder to share knowledge and experience with other local public body organisations	<p>We have engaged with other LA housing development companies via the LATCO network, particularly in responding to Government proposals for changes to the MRP on council loans.</p> <p>We have also been approached other neighbouring local authorities to explore joint working options.</p>	Progressed as far as practicable.
13	To attend relevant Housing Events to maintain awareness of industry best practise and future developments.	<p>Attended the Room 151 Housing Conference, London which provided a range of industry and regulatory insights and issues.</p> <p>The company is member of House Builders Federation which provides information and support on a range of industry best practise and future developments impacting the house builders.</p>	Progressed as far as practicable.
14	To promote the use of local suppliers when procuring works and services	Recent procurement activity includes technical and design work packages, local estate agents and works packages for CGL and Theobald House.	On target.
15	To lead the delivery of changes approved by the Shareholder to the corporate company structure.	<p>The New Group Structure was completed and implemented in May 2022. Aequus Group Holdings is now the 100% owned Council Company with both ADL and ACL 100% subsidiaries of AGHL. All Council governance requirements in place.</p> <p>We are exploring the option of using SPV/LLP's for larger schemes going forwards working with the B&NES lead Officer.</p>	On target.

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