

Bath & North East Somerset Council

DECISION MAKER:	Chief Executive and Director of Finance	
DECISION DATE:	2nd February 2019	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3130
TITLE:	Aequus Construction Limited - Approval of Business Case and Loan Proposal	
List of attachments to this report: Exempt Appendix 1 – Shareholder Briefing Note – Exempt information, according to the categories set out in the Local Government Act 1972 (amended Schedule 12A) - information relating to the financial or business affairs of any particular person (including the authority holding that information)		

1 THE ISSUE

- 1.1 To approve a loan for the proposed development site for land acquisition at Sladebrook Road, Bath, for the provision of 9 family homes by the Council's housing development company Aequus Construction Ltd (ACL), and the creation of a charge over the site in favour of the Council for associated commercial loan funding.

2 RECOMMENDATION

The Chief Executive and Director of Finance are asked to;

- 2.1 Note shareholder decision to agree to the acquisition of the development site at Sladebrook Road, Bath, for the proposed housing development.
- 2.2 Note the shareholder decision to create a charge over the site and associated work in progress in favour of the Council.
- 2.3 Approve the business case and loan of £2.75m to ACL

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 The specific resourcing implications are contained in the Business Case summarised at Appendix 1, including all financial assumptions and anticipated financial returns to the Council.
- 3.2 The loan requirements as are within the existing levels fully approved by the Council in February 2018 and delegated to the S151 Officer, including the commercial terms between the Council and ACL.
- 3.3 Independent advice was obtained by the Statutory Officers to provide assurance that the assumptions and rationale for the Business Case are reasonable.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 4.1 ACL was established by the Executive in accordance with the powers set out under S1 of the Localism Act 2011(the general power of competence). This housing development proposal will support the delivery of the objectives set for the Company as part of that Executive decision in December 2015.
- 4.2 If made, the decision will not be subject to call in by virtue of Rule 15 of Part 4B of the Constitution. The General Exception applies because the decision must be taken by such a date that it is impracticable to defer the decision. The vendor has imposed a deadline for completion of the transaction.

5 THE REPORT

- 5.1 The Business Case summarised in Appendix 1 sets out the proposal for the acquisition and development of a site in Sladebrook Road, Bath. The site has the benefit of full planning approval and provides for 9 family homes.
- 5.2 The Aequus Board has considered and approved the Business Case, which has the potential to deliver gross returns in excess of £1M for the Shareholder whilst maintaining the development pipeline and meeting the objectives set for the Company by the Council (as Shareholder).

6 RATIONALE

- 6.1 The recommendations set out in Paragraph 2 of this report will enable the Company to continue to develop and deliver the objectives set for it by the Council (as Shareholder). In particular the decision will enable the provision and delivery of new family homes in the City and support the delivery of the income targets set for ACL in the Council's approved Medium-Term Financial Plan.

7 OTHER OPTIONS CONSIDERED

7.1 ACL continues to consider a range of options to bring forward both Council and external sites for development. Business Cases will only be brought forward for consideration where a viable and deliverable scheme is possible in line with the objectives set for the company by the Council (as Shareholder).

8 CONSULTATION

8.1 Consultation has taken place with the Statutory Officers, Cabinet Members and the Council's Shadow Holding Company.

9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance. A full risk register related to the proposal is included within the Business Case summarised at Appendix 1.

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Background papers	<i>Cabinet Papers for meeting 8th November 2018</i>
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