

<b>Bath &amp; North East Somerset Council</b>				
DECISION MAKER:	<b>Cllr Dine Romero, Leader of the Council (as Shareholder of Aequus Construction Limited)</b>			
DECISION DATE:	<b>On or after 31<sup>st</sup> December 2020</b>	EXECUTIVE FORWARD PLAN REFERENCE: <b>E 3230</b>		
TITLE:	<b>Aequus: Scheme Approval (117 Newbridge Hill)</b>			
WARD:	All			
<b>EXEMPT ITEMS</b>				
<p><b>List of attachments to this report:</b></p> <p>Exempt Appendix 1 – Full Business Case</p> <p>Exempt Appendix 2 – Valuation Report</p> <p>Appendix 1 &amp; 2 are 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).</p>				

## 1 THE ISSUE

- 1.1 To approve the proposed redevelopment of 117 Newbridge Hill, Bath into 6 apartments by the Council's housing development company Aequus Construction Limited (ACL) and the creation of a charge over the site in favour of the Council for associated commercial loan funding.

## 2 RECOMMENDATION

The Leader of the Council, as Shareholder of ACL, is asked to:

- 2.1 Approve the redevelopment of 117 Newbridge Hill, Bath into apartments by ACL in line with the Business Case detailed in appendix 1
- 2.2 Approve the creation of a charge over the site and associated work in progress in favour of the Council;

2.3 Agree that ACL may enter into an associated commercial loan agreement with the Council, as detailed in para 4.6 of the attached business case contained in appendix 1.

### **3 THE REPORT**

3.1 The property, 117 Newbridge Hill, Bath, is a Victorian building previously used as offices by the Children's Services Team and now deemed surplus to Council requirements. In accordance with the Transfer Agreement approved by the Council in January 2020 ACL has submitted a Full Business Case for the development of the property in line with Council requirements.

3.2 Disposal on the open market, and without restriction, is likely to result in the property being developed into a luxury single dwelling house, student or holiday lets. The Council is therefore applying additional conditions, formally known as voluntary conditions, to ensure that the development meets the wider strategic aims of the Council. This include: the provision of apartments (rather than luxury home); aimed at young professionals and first time buyers; improved sustainability and energy efficiency; and prohibiting student accommodation, holiday lets or HMOs.

3.3 The Business Case, dated February 2020, is attached in appendix 1 and in summary will deliver:

- Six quality apartments in Bath targeted at professional workers and first time buyers, potentially attractive to key workers at the nearby RUH. A local resident only period will be provided for early release sales.
- Sustainability, energy efficiency and space standards will be improved.
- The site will be developed immediately using local contractors within 12 months of the freehold transfer. The site will not be land banked.
- The site will be covenanted against future use as holiday lets or HMO's.

3.4 The Aequus Board has considered and approved the Business Case, which has the potential to deliver gross returns between £599k & £807k (excluding enhanced Council Tax returns) for the Shareholder whilst maintaining the development pipeline and meeting the objectives set for the Company by the Council (as Shareholder).

3.5 The Business Case may be subject to amendments arising from external factors, for example, updated sales values or tender pricing, a reprofiled development timeline and revised cash flow forecasts etc.

3.6 Appendix 2 provides an independent valuation for the property to inform and support the Business Case. It provides both the open market value of the site and the restricted value, that is the value once the Council's voluntary conditions have been applied.

### **4 STATUTORY CONSIDERATIONS**

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 The approval of the business case and borrowing are Reserved Matters in the Shareholder Agreement between the Council and ACL. The matters are reserved to the Leader for approval as shareholder representative
- 4.3 The decision, if made, will not be subject to call in by virtue of part 4 D (1) of the Council's Constitution, which specifically excludes from call in decisions of the Leader acting in their capacity as Shareholder of a Local Authority Company owned or operated by the Council.

## **5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 5.1 The specific resourcing implications are contained in the Business Case summarised at Appendix 1, including all financial assumptions and anticipated financial returns to the Company and the Council.

## **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 An Equalities Impact Assessment has not been undertaken on the proposal. However, applied voluntary conditions will ensure that the development meets the Council's strategic aims.

## **8 CLIMATE CHANGE**

- 8.1 In accordance with the Council's requirements the redevelopment will provide a number of energy efficiency and sustainability benefits for the building including: replacement double glazing throughout; enhanced insulation to the fabric of the building including roof space, ground floor slab and between the apartments; heating and hot water provided via high efficiency condensing gas boilers; LED lighting throughout; communal Electric Vehicle charging point and a new cycle shelter.

## **9 OTHER OPTIONS CONSIDERED**

- 9.1 The only other option is ACL does not proceed with the development.

## **10 CONSULTATION**

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

<b>Contact person</b>	Graham Sabourn, Head of Housing – Tel: 01225 477949
<b>Background papers</b>	None.

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