

## Bath & North East Somerset Council

DECISION MAKER:	<b>Cllr Kevin Guy, Leader of the Council (as Shareholder of Aequus Construction Limited)</b>	
DECISION DATE:	<b>On or after 17<sup>th</sup> July 2021</b>	EXECUTIVE FORWARD PLAN REFERENCE:
		<b>E 3296</b>
TITLE:	<b>Approval of Aequus Business Plan – 2020/21 to 2022/23</b>	
<b>List of attachments to this report:</b> <b>Exempt Appendix 1 – Aequus Business Plan 2020/21 to 2022/23 – 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)</b>		

### 1 THE ISSUE

- 1.1 In accordance with the Shareholder Agreement for the Council's wholly owned property and development company, Aequus Developments Limited (ADL) and its subsidiary, Aequus Construction Limited (ACL) – this report presents the Aequus Business Plan for 2020/21 to 2022/23 for Shareholder approval.

### 2 RECOMMENDATION

**The Leader (as Shareholder) is asked to;**

- 2.1 Approve the Aequus Business Plan 2020/21 to 2023/23 as set out at Exempt Appendix 1.

### 3 AEQUUS BUSINESS PLAN 2020/21 TO 2022/23

- 3.1 The Aequus Business Plan attached at Exempt Appendix 1 was approved by the Aequus Annual General Meeting on 13<sup>th</sup> October 2020 and has been significantly updated to cover the company's anticipated activities through to 31st March 2023 including the overarching Vision and Aims for the companies.
- 3.2 The Business Plan is a key commercial document required under the Shareholder Agreement reserved matters to be approved by the Shareholder. It provides the company with ability to progress with delivery to achieve the Shareholder objectives in line with the Business Plan - the key elements of are set out below:
- 3.3 **Mission Statement** – includes the company aims, values and behaviours which were developed and revised with the Aequus Board based upon those of the Shareholder. There is a key focus on commercial returns being delivered for the Shareholder and supporting the repurposing of the Shareholders commercial estate assets. The Board have also recognised the benefits that innovative and creative design can bring in delivering sustainable and accessible developments whilst retaining a commercial outcome for developments.
- 3.4 **Company Objectives & Achievements** - the company objectives have been separated between short term and medium term aims as these will form a key element of the annual performance appraisal. The key achievements over the last 12 months are also set out.
- 3.5 **Delivery Strategy** – sets out the approach to delivery focussing on Shareholder objectives. The actual pipeline of sites is key to the delivery strategy the company should take going forwards, including those sites which may come forward through a joint venture with neighbouring local authorities.
- 3.6 **Planned Programme Activity** – looks at the specific activities of the companies, both ADL and ACL and how these will be developed over the course of the Business Plan. The various elements making up the potential development pipeline, particularly flowing from the Transfer Agreement and through the repurposing of the Shareholders commercial estate are set out here. Any significant changes to these pipeline assumptions would need to consider the impact on the Business Plan and viability.
- 3.7 **Financial Projections** – sets out the financial forecasts for the companies from 2019/20 through to 2022/23 including confirmation of delivery against the Shareholders £1M annual financial revenue return target.
- 3.8 **Key Dependencies** –the reliance on sites and properties from the Shareholder in order to sustain the activity and viability of the company is illustrated here. The market outlook together with planning, political and funding requirements are also key.
- 3.9 **Governance** – provides a summary of the company governance arrangements together with our non-financial resourcing.
- 3.10 it should be noted that the Business Plan may be subject to change by the Board if required due to operational, financial or other requirements.

## **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.
- 4.1 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 Section 6 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.
- 5.2 The Aequus Business Plan is subject to the provision of a pipeline of suitable development sites in accordance with the Transfer Agreement approved by the Council in January 2020.

## **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 guidelines. The key dependencies in respect of the Business Plan are set out in Section 7 of the document.

## **7 EQUALITIES**

- 7.1 A specific Equality Impact Assessment (EIA) has not been carried out on the business plan. However, the plan does provide for a number of positive interventions, notably to provide a range of sustainable and accessible homes. These homes provide lower entry points for home ownership than similar developments and as such help lower-income local residents. An EIA has been undertaken on the Residents First approach to marketing which did not identify any significant concerns.

## **8 CLIMATE CHANGE**

- 8.1 The ACL Business Case sets out how the company will operate in a creative and innovative manner that seeks to deliver sustainable and accessible homes, in a way that works commercially for the market. This will include working with the Shareholder to secure funding opportunities to support delivery of the Council's Corporate Climate and Ecological Emergencies and Affordable Housing Objectives.

## **9 OTHER OPTIONS**

- 9.1 No other options considered given the requirement for an agreed Business Plan in accordance with the Shareholder Agreement.

## 10 CONSULTATION

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

## 11 RISK MANAGEMENT

11.1 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 7 of the document.

<b>Contact person</b>	Graham Sabourn, Head of Housing
<b>Background papers</b>	<i>None</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	