

Bath & North East Somerset Council

MEETING/ DECISION MAKER:	Council Leader (as Shareholder)	
MEETING/ DECISION DATE:	Not before 26 March 2022	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3345
TITLE:	Scheme Approval (Malmaids Drive, Frenchay) and Scheme Amendment (117 Newbridge Hill, Bath)	
List of attachments to this report:		
Exempt Appendix 1 – Aequus Construction Ltd – Shareholder request to vary the Business Case for 117 Newbridge Hill, Bath		
Exempt Appendix 2 – Aequus Construction Limited – Final Business Case for the Development of Malmaids Drive, South Glos		
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 an amendment to the approved Aequus Construction Ltd (ACL) Business Case and Development Agreement for 117 Newbridge Hill, Bath for a change in configuration of the development from 6 to 7 apartments.
- 1.2 To approve the acquisition for development and related development loan from South Gloucestershire Council for the site at Malmaids Drive, Frenchay, South Glos.

2 RECOMMENDATIONS

The Leader (as Shareholder) is asked to;

- 2.1 Approve a revision to the Business Case for 117 Newbridge Hill Bath to replace the proposed top floor two-bed apartment with 2 one-bed apartments.
- 2.2 Approve the amendment of the related Development Agreement to reflect the above change in configuration.
- 2.3 Approve the acquisition of the site at Malmaids Drive, South Glos under a Sales and Overage Agreement for development in line with the approved planning application.

- 2.4 Approve the development loan borrowing from South Glos Council on the commercial terms as set out in the Business Case to deliver this development.

3 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 3.1 There are no direct costs or financial implications for the Council and this proposal which supports the delivery of the Council's Medium Term Financial Planning requirements for £1M of income each year from Aequus. This return will be at risk in the event the proposal is not progressed.
- 3.2 The detailed resourcing implications for ACL arising from the acquisition and development of the site are contained in the Business Case including all financial assumptions and anticipated financial returns. The acquisition is in line with the Aequus Business plan supporting the delivery of the Council's financial and wider objectives for the company.

4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL

- 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 has also approved a Protocol for Local Authority Company Governance which sets out a range of reserved matters requiring Shareholder Approval giving rise to specific requests set out in this report.

5 CHANGES TO THE 117 NEWBRIDGE HILL SCHEME

- 5.1 The approved Business Case for 117 Newbridge Hill, Bath provided for 6 apartments (3 one-bedroom and 3 two-bedroom). Following the agreement of the purchase of the completed development by the Council for the provision of social housing, it was identified that a more optimal 7 apartment layout was preferred. This effectively splits the top floor two-bedroom apartment into 2 one-bedroom apartments providing 7 units of accommodation.
- 5.2 A detailed report submitted by ACL for Shareholder consideration is set out at *Appendix 1* including costs and values noting there is no overall impact in the financial returns to ACL.
- 5.3 The Shareholder is asked to confirm agreement to the changes to the scheme layout and amendments to the related Development Agreement.

6 ACQUISITION OF MALMAINS DRIVE, SOUTH GLOS

- 6.1 In accordance with Aequus Business Plan, ACL has been working on a number of sites with South Glos Council which have the potential to support the Aequus development pipeline and meet the Shareholder's financial and wider objectives for the company.
- 6.2 The site at Malmaains Drive, South Glos has been subject to close partnership working between B&NES (via Aequus group) and South Gloucestershire Council over the past two years to secure design and planning permission for this site under agreed Purchase Order arrangements.
- 6.3 Malmaains Drive now has a planning approval in place and the Final Business Case attached at *Appendix 2* proposed the purchase of the site by ACL under a Sales

and Overage Agreement for deliver in line with the approved scheme. The development will deliver:

- 30 contemporary design quality family homes with good space standards providing future flexibility for buyers.
- 11 (35%) of these homes will be affordable homes which will be purchased and managed by a registered social landlord.
- All homes on the site will be developed to the AECB Building Standard reducing CO2 emissions and energy bills by an estimated 70%. This will include solar panels, air source heat pumps, extra insulation and mechanical ventilation and recovery systems.
- All homes will benefit from a dedicated electric vehicle charging point.
- The site sill includes a central public open space, biodiverse and resilient planting and sustainable urban drainage.
- The scheme will be delivered in an estimated 72-week construction period from start on site (estimated summer 2022).
- Any additional profits achieved over an agreed baseline, will be shared 50:50 between ACL and South Glos Council.
- ACL financial returns will support delivery of the B&NES Council (as Shareholder) financial objectives including the payment of Shareholder dividends.

6.4 In accordance with the relevant Reserved Matters, the Shareholder is asked to approve the acquisition of the site on a Sales and Overage basis, together with the taking of development loan funding from South Glos Council in accordance with the commercial terms as set out in the Final Business Case.

7 RATIONALE

7.1 The recommendations set out in this report are in line with the Aequus Business Plan and will enable the Council's development Company ACL 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 homes and support the delivery of the income targets set for the Company in the Council's approved Medium-Term Financial Plan.

8 CLIMATE CHANGE

8.1 The Aequus Business plan set out in detail how it will seek to address the Climate Emergency challenge through its activities. The development at 117 Newbridge Hill includes a number of measures to improve energy efficiency and sustainability within the restrictions of a Victorian property.

8.2 The ACL Business Case for Malmaims Drive is based on the AECB building standard which will deliver an estimated 70% reduction in carbon emissions and energy costs for buyers. This is the baseline for all future ACL new build schemes following the exemplar delivery achieved at the Sladebrook Road development in Bath.

9 OTHER OPTIONS CONSIDERED

9.1 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).

10 CONSULTATION

10.1 Consultation has taken place with the Statutory Officers, Cabinet Members 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. A full risk register related to the ACL proposal for Malmaims Drive is included within the Business Case attached at Appendix 2.

Contact person	Simon Martin, Director of Regeneration & Housing.
Background papers	None
Please contact the report author if you need to access this report in an alternative format	