

## **BATH AND NORTH EAST SOMERSET**

### **MINUTES OF CORPORATE POLICY DEVELOPMENT AND SCRUTINY PANEL MEETING**

Monday, 13th March, 2023

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

#### **55 WELCOME AND INTRODUCTIONS**

The Chair welcomed everyone to the meeting.

#### **56 EMERGENCY EVACUATION PROCEDURE**

The Chair drew attention to the emergency evacuation procedure.

#### **57 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS**

There were none.

#### **58 DECLARATIONS OF INTEREST**

At item 9 'Invest in BANES' - Councillor Hughes declared an interest as a tenant in the office space in Midsomer Norton.

#### **59 TO ANNOUNCE ANY URGENT BUSINESS AGREED BY THE CHAIRMAN**

There was none.

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

Bob Goodman made a statement regarding his concerns on the development company and stated that he supported this service being an in-house service.

Councillor Warrington asked if he had details regarding issues at Sladebrook properties. Mr Goodman stated that he had information that there had been concerns about the ventilation systems.

#### **61 MINUTES**

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

#### **62 ECONOMIC STRATEGY**

The Chair invited Jackie Clayton to introduce the report and to give a presentation. The presentation covered the following:

- Economic Strategy Update
- Background and purpose
- Strategic context
- Economic Strategy Development Process
- The local economy
- A story of success
- A recovering economy post-Covid
- A tale of a two tier economy
- Evidence highlights future challenges we need to address
- Draft strategic framework
- Forward timeline - indicative

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

Councillor Singleton asked for the definition of 'micro business' and asked about 'sustainable aviation'. The officer explained that a 'microbusiness' has under 4 employees (later clarified as under 9 employees). She explained that sustainable aviation is a recognition of sectors that are already present and a question for the future as to what we want to encourage.

Councillor Furse noted the rise in jobs in education and health and asked about these jobs in terms of income as if the jobs are of lower income this can lead to workers having to live outside of the city and travel in. He also made reference to the two wards identified in terms of deprivation – he pointed out that there are pockets of deprivation in other wards that are worse than the two referred to but are not flagged up. We need to target smaller enclaves of deprivation. The officer stated that we need to attract people to do the jobs that need doing while balancing affordable housing and transport concerns.

Councillor MacFie referenced BANES being number one regarding microbusinesses. He asked how accommodation would be needed and referenced the lack of available commercial space in Keynsham and Bath. He asked about the term 'good work'. The officer explained that this meant a job that pays enough to live well where there is potential for training/upskilling.

Councillor Hughes stated that Midsomer Norton residents concerns are that there is one strategy for two vastly different areas (Bath and NES). He asked if the strategy focused more on the needs of Bath. He stated that the affordable housing level is not met in Bath. He stated that we are moving people on poorer incomes out of Bath who need to then commute back in to the city. He pointed to the extra security measures for the city centre of contrasted this with the lack of street marshals in Midsomer Norton. The officer agreed that it was important not to have a one size fits all strategy. The Cabinet Member for Economic Development, Regeneration and Growth, Councillor Roper, stated that he had been at a meeting with businesses from Midsomer Norton and Radstock and that many had stated that they felt left out.

Those Bath based businesses reported a lack of networking since Covid. He stated that there was a need to improve contact with businesses.

Councillor Duguid stated that housing affordability is an issue regarding people commuting into the city. The officer stated that this was a challenge and could be picked up by the local plan process.

Councillor Warrington stated that Midsomer Norton is different from Bath. She stated that her ward is rural with a lot of agriculture yet is an expensive area to live. She explained that modern company's have wanted to move into rural areas but could not due to rural broadband issues.

The Chair thanked the officers.

## **63 INVEST IN BATH AND NORTH EAST SOMERSET**

The Chair invited Claire Lynch, Business and Skills Manager, Rob Dawson, Principle Enterprise Officer and Simon Martin, Director of Regeneration and Housing to introduce the item and give a presentation. The presentation covered the following:

- Invest in BANES – Service Update
- Service Overview – Business and Skills Team
- Invest in BANES website
- Invest in BANES Communications and Marketing

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

Councillor MacFie stated that he had been critical when this was 'Invest in Bath' but is now impressed and will look at the website. The officer stated that the trial site could be shared and feedback would be appreciated.

Councillor Hughes stated that businesses were being evicted from the office space in Midsomer Norton which is being closed. He added that a lot of businesses move out of BANES to find office space. This is a bigger issue than a website. The officer stated that the aim is the make the website/service more accessible for different locations. He added that there will be a review and an assessment of the demand for officer and industrial space. He mentioned the Somer Valley Enterprise Zone (SVEZ) plans.

Councillor Hughes acknowledged the SVEZ plans but stated that this facility was 10 years down the line and we need to respond to business needs now. The officer stated that the Council has limited budget and the limited business space is a matter to address in the strategy and the local plan. He stated that the Council can orchestrate events and signpost.

Councillor Hodge asked if the original website would be kept so that no information is lost. She also asked the 'contacts' be prominent on the new website. The officer stated that some of the text from the old website would be trimmed so as not to duplicate information with the main Council website and also to cut large bodies of

text. The original website will be kept for a year. He confirmed that 'contacts' would be shown at the top.

*Responding to an observation from Councillor Furse, Councillor Hughes declared an interest as a tenant in the office space in Midsomer Norton.*

The Chair thanked the officers.

## **64 AEQUUS UPDATE**

The Chair invited Simon Martin, Director of Regeneration and Housing, and Tim Richens, Managing Director Aequus Group to introduce the report.

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

Councillor Duguid asked if payments to the Council are actually a payback of loans made by the Council in the past. The officer (Aequus) stated that the £1m paid to the Council is made up of commercial interest returns topped up with dividends. The profile changes year on year.

Councillor Duguid asked if overheads are being increased to cover activity in South Gloucestershire. The officer (Aequus) stated that costs are covered by South Gloucestershire.

Councillor Duguid noted that South Gloucestershire is gaining ground as part of the portfolio and asked about North Somerset. The officer (Aequus) stated that North Somerset are doing some internal evaluation.

In response to a query regarding costs and overages, the officer (Aequus) explained that South Gloucestershire sell a site to Aequus on agreed land value, Aequus deliver the site. The profit is agreed with the shareholder and if there is overage, it is shared between Aequus and South Gloucestershire.

Councillor Hodge asked if a fixed return is appropriate. The officer (Aequus) explained that the return can be agreed with the shareholder in larger sites. He further explained that delivery models are being considered that maximize returns to the Council. The officer (BANES) stated that a pipeline tracker is used which sets out sites. The £1m payment per year to the Council is reassessed regarding the availability of sites. The £1m is not static and will be reviewed.

Councillor Hodge asked about discounts. The officer (Aequus) explained that there is a pre agreed price at the outset and properties can be revalued if the housing market grows.

Councillor Hughes referred to the core aims of Aequus as set out in the business plan last year. He stated that there is nothing in the aims about South Gloucestershire and that it seemed that we were solving somebody else's housing problems. He asked if there is capacity to meet these core aims and also asked if Aequus is purely commercial. The officer (Aequus) explained that a regular pipeline is needed and working with South Gloucestershire helps to smooth this. He stated that it is a delivery blend and Aequus does look to deliver aspirations and core aims.

The Cabinet Member for Council Housing, Councillor Davis assured the Panel that South Gloucestershire is not at the cost of this authority. He further explained that Aequus is assisting the Council to deliver the Council Housing Building Programme and work with South Gloucestershire is not at a local cost, Aequus can do both.

Councillor Hughes asked what the advantage of Aequus is against an in-house service. The Cabinet Member explained that at the time Aequus was set up in 2015, we did not have the skill sets in-house. We would not have developed the first social rent housing without Aequus. The officer (BANES) explained that the benefits are capability, capacity, greater flexibility regarding risk management and certainty – Aequus is structured to deliver policy compliant housing. The Cabinet Member for Resources, Councillor Samuel explained that, if developments were managed in the private sector the Council would receive no profits. Aequus was set up by a Conservate administration and we have developed it but not changed the fundamental principle.

Councillor Elliott asked for more information on the difference between the risk management in Aequus and the authority. The officer (BANES) explained Aequus is set up to manage construction activity so it is easier to control the construction and delivery risk. The officer (Aequus) explained that Aequus can manage the commercial risk factor in the business case.

Councillor Duguid asked about the risk regarding rising interest rates. The officer (Aequus) explained that interest rate rises are modelled, and impacts considered.

Councillor Duguid has how many properties the Council has delivered. The Cabinet member for Council Housing stated that it is 133 units since 2019 and there are 208 further properties in the pipeline (around 190 Council houses).

Councillor Hodge asked about the 'amber' sectors regarding repurposing the commercial estate. The officer (Aequus) explained that a number of potential properties have been identified for repurposing but there are issues such as listed status and also the cost of some conversions which cause the 'amber' status.

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

- Is Grosvenor included in the 133? *No, the 133 properties were delivered by the Council or Aequus.*
- Is Theobold House being refurbished? *There was a delay in the works. It is staying in Council ownership, Aequus is delivering the works.*
- Can you explain the 10 rental units with 50% void level. *There were sitting tenants as part of this acquisition. We want to get the HMO back in use, that is the 50%. Some fire compliant work is needed.*
- The £1m return for the Council is the fixed price model – are the purchasers getting a discount? *Officers to find out the details and share with Panel members.*
- Can you explain MRP changes on Council loans. *The Government was looking at how Council's could lend money to its' companies. Aequus repays money as each house is sold.*

- Do you use local estate agents. *We will tender for agents for each site.*

It was **RESOLVED** that officers be asked to draft a Terms of Reference for a group in the new administration to specifically scrutinize Aequus/companies set up by the Council. The Panel recommend that this group be set up by the new administration.

**65 CABINET MEMBER UPDATE**

There was no update.

**66 PANEL WORKPLAN**

The Panel noted that there are no meeting dates until after May 2023 dur to the local elections taking place. Workplans will be set up when the new arrangements are in place.

The meeting ended at 6.12 pm

Chair(person) .....

Date Confirmed and Signed .....

**Prepared by Democratic Services**