

Single Member Cabinet Decision

**Executive
Forward Plan
Reference****E3483****Market sale of 7 Riverside View apartments owned by
Aequus Developments Ltd**

Decision maker/s	Cllr Kevin Guy, Leader, Bath & North East Somerset Council
The Issue	As a number of ADL rental properties are highly geared, the company is impacted by rising interest rates which, are now having a negative effect on the company's profitability, cash position and potential long-term viability.
Decision Date	10 October 2023
The decision	<p>The Shareholder approves the reserved matter below, to allow ADL to progress with the disposal of 7 Riverside View apartments on the open market using a phased approach using the surplus monies to reduce the level debt on the 5 remaining apartments to ensure continued viability.</p> <ul style="list-style-type: none">• Reserved Matter 22 – approval of total asset disposals that will exceed £500,000 but less than £5M
Rationale for decision	<p>A full review of the ADL Property portfolio was carried out on a property-by-property basis, to provide assurance that the individual properties remain viable at higher interest rates on the related debt.</p> <p>The review identified that the 12 Riverside View apartments purchased from Aequus Construction Limited, although purchased at a market discount price, are becoming increasing unviable given the level of gearing and significantly rising interest rates.</p> <p>To mitigate this risk, ADL have prepared a model and identified that 7 of the 12 apartments could be sold to the market, and the resulting surplus used to reduce the outstanding debt on the remaining properties. In order not to flood the market with the Riverside View apartment sales, ADL will release the apartments for sale on a phased basis as they become vacant, or tenancies expire.</p>
Financial and budget implication	<p>A full review of the ADL Property portfolio was undertaken to provide assurance that the individual properties remain viable at higher interest rates on the related debt.</p> <p>The review identified that the 12 Riverside View apartments purchased from Aequus Construction Limited, are becoming increasing unviable given the level of gearing and significantly rising interest rates. To mitigate this risk, ADL identified that 7 of the 12 apartments could be sold to the market, and the resulting surplus used to reduce the outstanding debt on the remaining properties.</p>

Issues considered	Corporate; Health & Safety; Other Legal Considerations
Consultation undertaken	Section 151 Finance Officer; Monitoring Officer; Director of Regeneration and Housing
How consultation was carried out	The proposed disposal of these units was agreed in discussion with the Council's Shareholder Group. The S151, Director of Regeneration & Housing & Monitoring Officer were privy to the Shareholder Group discussions and were consulted on and approved the contents of the Shareholder SMD report.
Other options considered	Consideration was given to retaining the 7 units, however the negative impacts in terms of drain on cash and overall viability resulted in the decision to sell the properties being the preferred option.
Declaration of interest by Cabinet Member(s) for decision:	None
Any conflict of interest declared by anyone who is consulted by a Member taking the decision:	None

Name and Signature of Decision Maker/s	Councillor Kevin Guy Leader of Bath and North East Somerset Council
Date of Signature	10 th October 2023
NOT Subject to Call-in	