

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Cllr Kevin Guy, Council Leader	
MEETING/ DECISION DATE:	On or after 16th August 2025	EXECUTIVE FORWARD PLAN REFERENCE:
		E 3627
TITLE:	Approval of Development Loan Funding for the Acquisition and Development of land at Keynsham Health Centre	
WARD:	All	
AN OPEN PUBLIC ITEM WITH EXEMPT APPENDIX		
List of attachments to this report:		
Exempt Appendix 1 – Aequus Construction Limited – Initial Business Case for the Development of land at Keynsham Health Centre		
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 permission for the Council to enter a development loan agreement with Aequus for the acquisition and development of housing on land at Keynsham Health Centre.

2 RECOMMENDATION

The Leader (as Shareholder) is asked to;

- 2.1 Approve the development loan borrowing of up to £3.2m from the Council on the commercial terms as set out in the Business Case provided at Appendix 1 to deliver this housing development.

3 THE REPORT

- 3.1 In accordance with the Aequus Business Plan approved by the Shareholder in February 2025, ACL has been working on a number of site opportunities which have the potential to support the Aequus development pipeline and meet the Shareholder's financial and wider objectives for the company.
- 3.2 The site at Keynsham Health Centre has been subject to positive engagement and discussion over the past 12 months with NHS Property Services Ltd. This has led to a number of potential opportunities being identified and the ability for Aequus, as a wholly owned Council company, to acquire identified surplus sites directly from the NHS.
- 3.3 The part site identified as surplus at Keynsham Health Centre has the potential, subject to planning, to support the development of up to 7 family homes. These will be designed to deliver:
- Good quality family homes delivered to space standards appropriate for the development and market.
 - All homes on the site will be developed to meet the B&NES sustainability planning policy standards.
 - All homes will benefit from a dedicated electric vehicle charging point.
 - The scheme will not be land banked and will be progressed as a priority once full planning is achieved.
 - ACL financial returns will support delivery of the B&NES Council (as Shareholder) financial objectives including the payment of Shareholder dividends.
- 3.4 In accordance with the Shareholder Reserved Matters, the Shareholder is asked to approve the take up of development loan funding from the Council in accordance with the commercial terms as set out in the Business Case attached at Appendix 1.
- 3.5 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.

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 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 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1 The Council has a development loan facility agreement in place with Aequus Construction limited and it is proposed that £3.2m will be drawn down to fund this proposed acquisition and development.
- 5.2 The loan will be made on commercial terms in line with the Government subsidy control requirements with interest and capital repaid in accordance with the loan facility agreement. This also provides relevant security to the council including and appropriate charge of the site and the company assets.
- 5.3 There are no direct revenue costs for the Council and this proposal supports the delivery of the Council's Medium Term Financial Planning requirements for £1M of income each year from Aequus.
- 5.4 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 approved Aequus Business Plan supporting the delivery of the Council's financial and wider objectives for the company as sole shareholder.

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. A summary of the key risks are identified within the Interim Business Case reference section 1.8

7 EQUALITIES

- 7.1 At this point a full Equalities Impact Assessment has not been carried out, however, as a business planning decision, equalities impact of the actions flowing from this plan will be subject to equality impact assessments at each business case approval point. This decision has no adverse impact upon individuals with protected characteristics.

8 CLIMATE CHANGE

- 8.1 The Aequus Strategic Business plan sets out how it will seek to address the Climate Emergency challenge through its activities. The proposed development will include a number of energy efficiency measures to meet the B&NES sustainability planning policy including the use of air source heat pumps and roof mounted photovoltaics

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 and the Shareholder Advisory Board.

Contact person	<i>Graham Sabourn, Head of Housing</i>
Background papers	<i>Exempt Appendix 1 – Initial Business Case & appendices</i>
Please contact the report author if you need to access this report in an alternative format	