

Bath & North East Somerset Council			
MEETING	Cabinet		
MEETING DATE:	13th November 2025	EXECUTIVE FORWARD PLAN REFERENCE:	
		E	3647
TITLE:	Establish a Limited Liability Partnership for the Regeneration of the Bath Quays Residential Development Plots		
WARD:	All		
AN OPEN PUBLIC ITEM with exempt attachment			
List of attachments to this report:			
Attachment 1: LLP Members Agreement			
Attachment 2 (Exempt): Business Case for the Aequis Regeneration Bath Quays LLP			
Exempt by virtue of Local Government Act 1972 as amended, Schedule 12 A Part 1 Para 3 Information relating to the financial or business affairs of any particular person (including the authority holding that information) and Para 5 Information in respect of which a claim for legal professional privilege could be maintained in legal proceedings.			
Attachment 3: Equalities Impact Assessment			

1 THE ISSUE

- 1.1 The Council wholly owns Aequis Group Holding Ltd (**Aequis**). In turn, Aequis Construction Limited (**ACL**) and Aequis Developments Limited (**ADL**) are 100% subsidiaries of Aequis, (together, the **Group**).
- 1.2 The Council uses the Group to deliver housing developments. ACL's principal activity is that of housing development and construction, while ADL provides management services to ACL, e.g. through the provision of employees.
- 1.3 As part of the Council's regeneration activity the Council intends to deploy the Group to deliver housing led regeneration development on brownfield sites. Over the next five years there are plans to deliver circa 1,000 homes, with projects becoming larger and more complex in nature as the Company matures and grows.
- 1.4 Bath Quays is the Council's flagship regeneration project. The Council has intervened to address a market failure in the supply of Grade A office accommodation in the city through its promotion of Bath Quays. Action has delivered the commercial development on Bath Quays South and secured a planning permission for the comprehensive development of Bath Quays North.

- 1.5 The Council had contracted delivery of Bath Quays North with Legal & General but due to market changes post Covid, L&G withdrew from the Agreement at the Long-stop date. Since their departure the Council has re-phased development to now focus on progressing housing as the next phase of delivery on development Plots 2 (south) and 6-7(north) (collectively referred to as the Site) while it re-establishes a new delivery partnership for the wider site.
- 1.6 This report proposes a Limited Liability Partnership delivery vehicle for the delivery of housing development on the Site to further the Bath Quays regeneration.

2 RECOMMENDATION

The Cabinet is asked to;

- 2.1 Agree to the establishment of a Limited Liability Partnership (LLP) between the Council and the Group.
- 2.2 Approve the proposed membership agreement of the LLP at Attachment 1.
- 2.3 Delegate to the Director of Capital & Housing Delivery the authority to take all steps necessary to form the Limited Liability Partnership for the regeneration of the Bath Quays North plots 6 & 7 and Bath Quays south (collectively referred subsequently as the Site) in the proportions provided for in attachment 1.
- 2.4 Agree to loan the LLP the Site development costs.
- 2.5 Agree in principle to the use of the existing Aequus Development Loan Facility and the Aequus Working Capital Facility by the LLP.
- 2.6 Delegate to the Director of Capital & Housing Delivery in consultation with the Leader, Cabinet Member for Resources and S151 Officer authority to transfer the Site to the LLP.
- 2.7 Delegate to the Director of Finance (S.151 Officer) in consultation with the Executive Director of Sustainable Communities, the power to approve the Full Business Case to develop the Site and, enter into a loan agreement with and take security for the loan from the LLP.

3 THE REPORT

- 3.1 The Council has been promoting and delivering Bath Quays to create a new business district for the city through a comprehensive approach to development since 2015.
- 3.2 Through the development of Bath Quays south the Council has delivered its economic objective for employment space and has enabled a residential development plot (plot 2) which has the benefit of an extant planning permission for approximately 65 dwellings.
- 3.3 The regeneration of Bath Quays North (Avon St) was being progressed through Council Decision E3122 via a Development Agreement with Legal & General. Comprehensive development proposals received Planning Permission (18/00058/ERE03) for a mixed-use development comprising B1, C1, C3, A1, A3, A4, D1 and D2 uses, with total combined floorspace of up to 38,000sqm (GIA, above ground), infrastructure (including basement car park) and associated development.

- 3.4 To secure a comprehensive regeneration the Council appropriated land for planning and regeneration purposes under E3122 as an Officer Delegated Decision. Following the withdrawal of Legal and General in 2023, the Council has re-phased development to now prioritise the delivery of the residential (plots 6 & 7) to develop and deliver these while it establishes a new delivery partner for the wider project.
- 3.5 The next phase of regeneration will comprise 3 residential Plots, Plot 2 (Bath Quays South) and Plots 6 & 7 (Bath Quays North). A delivery vehicle structured as a Limited Liability Partnership between the Council & ACL provides an efficient regeneration vehicle to deliver these plots. The LLP will be “Teckal” compliant and will comply with the Procurement Act 2023 requirements as a public authority pursuant to section 2 (2) & (10) of that Act in the award of any subcontracts by it.
- 3.6 The LLP would be a commercial entity and capable of taking risks that the Council might not. The LLP sits outside of the Council and does not carry balance sheet risks for it. Additionally, the LLP would be created solely for the redevelopment of the Site. Should this LLP model prove successful other regeneration projects could follow the model with a separate LLP for each individual project that would require Cabinet approval before it could proceed.
- 3.7 Creating an individual LLP for each regeneration project will ringfence the risk to that site and not impact the viability of the Group or adversely impact the Council's finances.
- 3.8 The Council and the Group have been provided with accountant advice from Bishop Fleming that concluded that the most efficient model is for the Council and ACL to incorporate a limited liability partnership (**LLP**).
- 3.9 The main reason for this model being financially efficiency, being that:
- (1) The LLP can recycle any profit to support the Council's regeneration and housing duties
 - (2) As the LLP itself is not subject to corporation tax (unlike a company limited by shares), any profit of the LLP is taxed in the hands of the members. As the Council is exempt from corporation tax, the Council's share of the profits would be exempt (the Groups share of profits would be subject to corporation tax in the hands of ACL).
- 3.10 Any profit created by the regeneration of the Site which is subsequently received by the Council could be used to further regeneration activity in the Council area and provide subsidy for social housing on those future sites.

4 STATUTORY CONSIDERATIONS

- 4.1 The Council's general power of competence (section 1 of the Localism Act 2011) would, be relied on to form an LLP. In broad terms, the general power enables a local authority to do anything, subject to various limitations, which an individual may do.
- 4.2 The relevant limitation on the use of the general power is that if a council exercises/uses it for a 'commercial purpose', then it must do so through a company. An LLP is not a company.

4.3 The Council's primary purpose in forming the proposed LLP is to:

- regenerate the Site which has stalled following the collapse of its development agreement with L&G;
- increase housing supply; and
- to promote the development of energy efficient homes.

4.4 The Council's primary purpose therefore relates to its strategic and socio-economic responsibilities, and it is not becoming a member of the LLP for primarily a 'commercial purpose'. While this report details the potential financial efficiencies of an LLP, these should be seen as incidental to broader drivers of efficiency which would help with overall achievement of the above purposes.

5 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

5.1 Section 3 of the Business Case for the incorporation of Aequus Regeneration Bath Quays LLP sets out the financial comparison of the schemes being delivered through an LLP against the usual ACL model. The LLP approach is expected to deliver additional financial benefits supporting the Council in achieving its regeneration ambitions while generating measurable financial and social value.

5.2 The existing Aequus Development Loan Facility and the Aequus Working Capital Facility are proposed to be used to support the funding requirement for the LLP.

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.

7 EQUALITIES

7.1 An EQIA has been completed.

8. CLIMATE CHANGE

8.1. The schemes that are included in the LLP, Bath Quays North (plots 6 & 7) & Bath Quays South (plot 2), must address the relevant B&NES planning sustainability policies as set out in the SPD and SCR6. This includes:

8.1.1. A Fabric First approach to design to create low energy losses from the building fabric, MHRV systems with a very low air permeability for the fabric of the building.

8.1.2. Selection of materials that avoid substantial liberation of carbon to the atmosphere and consideration should be given to materials that capture carbon.

8.1.3. An all-electric approach to building systems with the adoption of 'renewable energy' systems and no fossil fuels consumed on site.

8.1.4. On site micro generation of electricity using photovoltaic panels and the solar heating for domestic hot water.

8.1.5. Substantial provision of facilities for cyclists, including extensive, secure and easily accessible cycle storage and for the charging of electric bicycles as per Planning Policy

8.1.6. Provision for EV charging in the car part for BQS, however there is no parking provision on BQN.

9 OTHER OPTIONS CONSIDERED

9.1 None

10 CONSULTATION

10.1 The Shareholder Advisory Group, Council Monitoring Officer and S.151 Officer have been consulted in the preparation of this report.

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Background papers	<i>E3122 Bath Quays North, Appointment of Development Partner</i> https://democracy.bathnes.gov.uk/ieDecisionDetails.aspx?ID=1204 <i>Officer delegated decision Appropriate and Dispose of Land at Bath Quays North</i> https://democracy.bathnes.gov.uk/ieDecisionDetails.aspx?ID=1541
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