

## Bath & North East Somerset Council

DECISION MAKER:	Cllr Kevin Guy, Council Leader		
DECISION DATE:	On or after 29 <sup>th</sup> November 2025	EXECUTIVE FORWARD PLAN REFERENCE:	
		E	3648
TITLE:	Establish a Limited Liability Partnership for the Regeneration of the Bath Quays Residential Development Plots		
WARD:	All		
<b>AN OPEN PUBLIC ITEM with exempt attachment</b>			
<b>List of attachments to this report:</b>			
<b>Attachment 1: LLP Members Agreement</b>			
<b>Attachment 2 (Exempt): Business Case for the Aequus Regeneration Bath Quays LLP</b>			
Exempt by virtue of Local Government Act 1972 as amended, Schedule 12 A Part 1 Paras 3 and 5 - Information relating to the financial or business affairs of any particular person (including the authority holding that information) and Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.			
<b>Attachment 2a: Exemption Certificate</b>			

### 1. THE ISSUE

- 1.1. To support B&NES Council's regeneration programme, Aequus Group has worked alongside Trowers LLP (legal advisers) and Bishop Fleming (accountants) to identify the most effective structure for establishing a new LLP as the delivery vehicle for future housing regeneration projects.
- 1.2. The proposal is to incorporate Aequus Regeneration Bath Quays LLP, with B&NES Council holding a 99% interest and Aequus Group holding 1%. This structure will provide a robust framework for risk management while enabling commercial returns to be distributed to members and reinvested to enhance future housing outcomes.
- 1.3. Aequus Group now looks to seek approval from the Shareholder to progress with the establishment of an LLP.

### 2. RECOMMENDATION

**The Shareholder is asked to approve the following recommendations:**

- 2.1. **Aequus Construction Ltd to incorporate the Aequus Regeneration Bath Quays LLP with a 1% share.**

### **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 the 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.
- 3.6. The principle of Aequus Group establishing an LLP to deliver future housing projects was approved at the Investment Forum Board and the Aequus Board approved, in June 2025.
- 3.7. The attached business case (appendix 1, 1a, 1b, 1c) present a detailed assessment of the projected financial implications of delivering Bath Quays North plots 6 & 7 and Bath Quays South, through the LLP, including a comprehensive comparison of the anticipated financial benefits.
- 3.8. The report also outlines the proposed governance framework for the LLP, including the Members' Agreement.
- 3.9. All expenses incurred by the LLP will be borne by the LLP itself, and any distributions to the Council will be made before the deduction of corporation tax.
- 3.10. If the LLP is not approved, then progress developments will continue to progress the existing arrangements via ACL with more limited separation of risk and subject to financial requirements of Ltd Co's.

## **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 approved a Transfer Agreement with Aequus in January 2020 which provides the basis for the transfer of surplus land and development sites from the Council to the Company, to support the delivery of the Shareholder objectives and subject to Shareholder approval of development.
- 4.2. The Council approved the current Shareholder Reserved Matters on 24<sup>th</sup> March 2022.

## **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. As an operational business decision, equalities impact of the actions flowing from establishing an LLP 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 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. Consultation has taken place with the Statutory Officers and Cabinet Members including the Council’s Investment Forum and Shareholder Advisory Board in November 2024.

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

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