

<b>Bath &amp; North East Somerset Council</b>				
MEETING/DECISION MAKER:	<b>Climate Emergency and Sustainability Policy Development and Scrutiny Panel</b>			
MEETING/DECISION DATE:	<b>22<sup>nd</sup> January 2026</b>	EXECUTIVE FORWARD PLAN REFERENCE: <b>E</b>		
TITLE:	<b>Aequus Strategic Business Plan 2024-30 refresh (2025-2026)</b>			
WARD:	All			
<b>AN OPEN PUBLIC ITEM</b>				
<b>List of attachments to this report:</b> <b>Appendix 1 – Aequus Strategic Business Plan 2024 – 2030 Refresh (2025-2026)</b>				

## 1 THE ISSUE

**1.1** Aequus is a wholly owned company of Bath and North East Somerset Council and was established in 2017 to develop housing through the use of surplus Council property assets and land. The Council is the sole Shareholder of the wholly owned company.

**1.2** In March 2025, The Leader of the Council in their capacity as Shareholder, approved the Company's most recent 5-year Business Plan. In line with the scrutiny reporting requirements, Aequus are required to carry out an annual update of the Business Plan. This year's update is a more extensive refresh due to prolongation of the pipeline.

## RECOMMENDATION

**The Panel is asked to:**

**2.1 Review and comment on the Aequus Strategic Business Plan 2024-2030 refresh (2025-2026)**

## 2 REPORT CONTEXT

**2.1** The Business Plan for 2024 to 2030 guides the activity and focus of the company and is used for performance and progress reporting to the Board, the Shareholder, and partners. This plan is subject to an Annual Update to reflect the actual progress of the Company, particularly in terms of pipeline progression and financials

**2.2** As previously reported to the Aequus Board and the Shareholder, the pipeline progress has been significantly prolonged over the past 12 months for a number of key reasons:

- Changes in council priorities for sites
- Planning issues and delays
- Homes England Funding uncertainty
- Council governance processes

**2.3** This BP Refresh now reflects an updated pipeline and related financial projections – it also confirms that the forecast dividend element of the financial return for the 2025/26 financial year is unlikely to be achieved in full to ensure the company cashflow is sustained at a prudent level. The financial return for 2026/27 remains as per the original target and will be revisited as part of next year's refresh.

**2.4** The BP Refresh also includes the formation of Aequus Regeneration Bath Quays LLP to deliver the key housing regeneration projects at Bath Quays North and Bath Quays South. As part of this we will be exploring the potential to re-invest profits within the LLP to deliver additional affordable housing and further detailed proposals will be provided as the relevant Business Cases for the projects are finalised.

**2.5** The Council has prioritised the delivery of '*the right homes in the right places*' through the adoption of its Corporate Plan identifying housing as one of the nine key priorities to support its one overarching purpose of ***Improving People's Lives***

**2.6** The Economic Strategy Decision (E3499) has evidenced clear economic challenges associated with the current housing market, particularly the affordability and availability of homes for local economically active people. B&NES is now one of the least affordable places to live in the UK which affects our resident's ability to live close to where they work. There are multiple factors affecting the supply of homes that are affordable, but the Council has set clear priorities around addressing market failures to supply more affordable homes with a particular emphasis on delivering Council owned social housing. Aequus is one tool the Council has to enable this alongside its regeneration and direct delivery of social housing activity.

**2.7** To support the delivery of the adopted Economic Strategy, the Council has published the B&NES Housing Plan which defines the actions the Council will take to achieve the outcomes identified within both its Corporate Plan and Economic Strategy. The plan includes the contribution Aequus will make alongside the other actions of the Council that scale up delivery of social housing.

**2.8** The Shareholder appointed independent Board, uses this Business Plan to oversee the Company, the Board only need to come back for the Shareholder to seek approvals where the actions are not covered by the Business Plan or for certain important key decisions set out in the Shareholder Agreement – Reserved Matters.

**2.9** The Business Plan provides the basis of ensuring a sustainable company to deliver the Shareholder objectives. This includes providing for appropriate skills and resources to maximise future opportunities as they arise.

### **3 STATUTORY CONSIDERATIONS**

- 3.1** 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.
- 3.2** The Council approved the current Shareholder Reserved Matters on 24<sup>th</sup> March 2022.

### **4 RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)**

- 4.1** The Financial Forecast section of the Aequus Business Plan sets out the Company's financial assumptions and projections, including delivery against the Council's Medium Term Financial plan baseline target of £1M of revenue returns each year, rising with a stretch target to £1.5M from 2026/27 and £2m from 2029/30.
- 4.2** The Resource Management section of the Aequus Business Plan sets out the resourcing arrangements of the company. All staff are directly employed by Aequus Developments Ltd and all such related costs are met directly by the company.

### **5 RISK MANAGEMENT**

- 5.1** A detailed risk assessment of the business plan has been undertaken by the company. The main risks to the Shareholder relates to the availability of land to deliver the business plan objectives, supply chain resilience, construction cost inflation and sales values. Risk management measures have been identified to mitigate this to acceptable risk tolerances through the diversification of land supply from the Council Corporate Estate asset review and partnership working. Market forces are managed through strengthening strategic supply chain relationships and continued prudence in cost and sales values on individual site by site business cases.

### **6 EQUALITIES**

- 6.1** 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.

### **7 CLIMATE CHANGE**

- 7.1** The Company is committed to supporting its Shareholder tackle the climate and ecological emergencies by leading on energy efficiency homes and developing highly sustainable communities.

### **8 CONSULTATION**

- 8.1** Consultation has taken place with the Statutory Officers and Cabinet Members including the Council's Investment Forum and Shareholder Advisory Board in December 2025 and January 2026.

<b>Contact person</b>	Simon Martin, Director Capital & Housing
<b>Background papers</b>	Aequus Strategic Business Plan 2024-2030 refresh (2025-2026)
<b>Please contact the report author if you need to access this report in an alternative format</b>	