

Bath & North East Somerset Council		
MEETING/ DECISION MAKER:	Shareholder - Single Member Decision	
MEETING/ DECISION DATE:	Not before 7th March 2026	EXECUTIVE FORWARD PLAN REFERENCE:
		E3685
TITLE:	Approval of Guarantees and Securities on Facility Agreement	
WARD:	All	
AN OPEN PUBLIC ITEM		
List of attachments to this report:		
None		

1. THE ISSUE

- 1.1. This report provides a consolidated summary of the amendments to the existing Development Facility Agreement between Bath & North East Somerset Council (B&NES) and Aequus Developments Ltd (ADL), Aequus Construction Ltd (ACL) and Aequus Group Holdings Ltd (AGHL) to allow Aequus Bath Quays Regeneration LLP to access the funding agreement,

2. RECOMMENDATION

The Shareholder is asked to:

- **Amend the Aequus “Facility Agreement” to allow Aequus Bath Quays Regeneration LLP to access the funding.**

3. THE REPORT

- 3.1. Aequus Bath Quays Regeneration LLP (LLP) has been incorporated and the Lender contributed 99% by value of the capital contribution to LLP on incorporation and ACL contributed 1% by value of the capital contribution to LLP on incorporation. To allow the LLP to be able to deliver the regeneration projects, we are requesting that the loan facility agreements are amended to allow the LLP to utilise the loan facility.
- 3.2. The Council and ADL and ACL entered into a loan facility of £20,000,000 (the “Facility”) pursuant to a facility agreement dated 10 November 2017 (as amended, restated, varied and/or novated from time to time including pursuant to amendment letters dated 14 March 2019 and 13 June 2019 and an amendment agreement dated 5 December 2025 (the “Facility Agreement”) has increased the loan facility to £82,616,000.

- 3.3. The Council and ADL & ACL entered into the Facilities Agreement on 15 June 2016. As amended, the agreement provides for a term loan facility comprising: (i) a Tranche A Loan for working capital purposes in an aggregate principal amount not exceeding £1,600,000; and (ii) a Tranche B Loan to fund the acquisition of sites and properties in an aggregate principal amount not exceeding £11,700,000. This agreement is proposed to be amended (by way of side letter no. 6) to permit Aequus Bath Quays Regeneration LLP to utilise the loan facility.
- 3.4. In addition, the following security and guarantee arrangements are required:
- 3.4.1. A debenture to be entered into by the LLP in favour of the Lender, incorporating fixed and floating charges over the LLP's assets and undertaking (the "Debenture");
 - 3.4.2. A charge over ACL's membership interests in the LLP, granted in favour of the Lender (the "Charge"); and
 - 3.4.3. A cross-guarantee to be provided by ACL, ADL, the LLP and AGHL in favour of the Lender, guaranteeing all present and future obligations and liabilities of the Company, the LLP and ADL to the Lender under each Finance Document.
 - 3.4.4. In order for the LLP to deliver Bath Quays South plot 2 and Bath Quays North plots 6 & 7, it is deemed necessary and reasonable to permit the LLP to access the funding.

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 LLP was created with the intention to regenerate the Bath Quays site and its primary purpose therefore relates to its strategic and socio-economic responsibilities. Access to the funding that this decision would permit will further that purpose.

5. RESOURCE IMPLICATIONS (FINANCE, PROPERTY, PEOPLE)

- 5.1. The interest on loans to Aequus & the LLP contribute towards delivery against the Council's Medium Term Financial plan target of £1,000,000 of revenue returns from the Company each year.
- 5.2. The principle for the use of the existing Aequus Development Loan Facility and the Aequus Working Capital Facility by the LLP was set out in the Cabinet Report E3647 (13th November 2025) to establish a Limited Liability Partnership for the Regeneration of the Bath Quays Residential Development Plots.

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.

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.

Contact person	Simon Martin, Director of Capital & Housing Delivery
Background papers	<i>None</i>
Please contact the report author if you need to access this report in an alternative format	