

# Bath & North East Somerset Council

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| MEETING/<br>DECISION<br>MAKER:  | <b>Cabinet</b>   |                                      |
| MEETING/<br>DECISION<br>DATE:   | <b>31 October 2018</b>   | EXECUTIVE FORWARD<br>PLAN REFERENCE: |
|   |  | <b>E 3104</b>                        |
| TITLE:  | <b>Aequus - Approval of Development Business Case Proposal</b> |                                      |
| <b>List of attachments to this report:</b><br><br><b>Exemption Certificate</b> - Information Compliance Ref: LGA 1785/18<br><b>Exempt Appendix 1 - Business Case for Housing Development Proposal</b> – 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 a business case and related development loan funding for a land acquisition and housing development proposal by the Council's housing development company Aequus Construction Ltd.

## 2 RECOMMENDATION

The Cabinet is asked to;

- 2.1 Approve (as the Shareholder) the Business Case for the proposed housing development as set out at Appendix 1.
- 2.2 Approve the loan funding of up to £2.75M from within the existing Fully Approved Capital loan funding for Aequus developments.
- 2.3 Approve that the specific details of loan funding are delegated to the Section 151 Officer in accordance with the extant Development Facility Agreement.

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

- 3.1 The specific resourcing implications are set out in the Business Case at Appendix 1, including all financial assumptions and anticipated financial returns to the Council.
- 3.2 The loan requirements as set out in the Business Case are within the existing levels Fully Approved by the Council in February 2018 and the Development Facility Agreement terms between the Council and ACL.
- 3.3 Independent advice has been obtained by the Statutory Officers from Hartnell Taylor Cook (HTC) to provide assurance that the assumptions and rationale for the Business Case are reasonable.
- 3.4 Staffing resources within ACL are subject to the transfer and employment of staff by the Company in line with the company's Remuneration Policy.

### **4 STATUTORY CONSIDERATIONS AND BASIS FOR PROPOSAL**

- 4.1 Aequus was established by the Executive in accordance with the powers set out under S1 of the Localism Act 2011 (the general power of competence). This proposal will support the delivery of the objectives set for the Company as part of that Executive decision in December 2015.

### **5 THE REPORT**

- 5.1 This Business Case at Appendix 1 sets out the proposal for the acquisition and development of a site in Bath. The site has the benefit of full planning approval and provides for family homes.
- 5.2 The Aequus Board has considered and approved the Business Case which has the potential to deliver in excess of a £600K revenue return for the Shareholder whilst maintaining the development pipeline and meeting the objectives set for the Company by the Council (as Shareholder).

### **6 RATIONALE**

- 6.1 The recommendations set out in Para 2 of this report will enable the Company 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 family homes in the City and support the delivery of the income targets set for the Company in the Council's approved Medium Term Financial Plan.

## 7 OTHER OPTIONS CONSIDERED

7.1 Aequus 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).

## 8 CONSULTATION

8.1 Consultation has taken place with the Statutory Officers and the Council's Shadow Holding Company Group. Aequus officers have also spoken to one of the local the Ward Councillors regarding the proposed development which has existing full planning approval.

## 9 RISK MANAGEMENT

9.1 A risk assessment related to the issue and recommendations has been undertaken, in compliance with the Council's decision-making risk management guidance. A full risk register related to the proposal is included within the Business Case at Appendix 1.

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| <b>Background papers</b>   | <i>None</i>  |
| <b>Please contact the report author if you need to access this report in an alternative format</b> |  |