

<b>Title of meeting:</b>	Cabinet
<b>Date of meeting:</b>	26 <sup>th</sup> July 2022
<b>Subject:</b>	Ravelin Group of Companies - Quarter Four December 2021 to March 2022 update report
<b>Report by:</b>	Regeneration
<b>Wards affected:</b>	All
<b>Key decision:</b>	No
<b>Full Council decision:</b>	No

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## 1. Purpose of report

- 1.1. The report is provided in line with the shareholders requests for further detailed reporting and the advice on good governance in local authority wholly owned companies.
- 1.2. The report will provide updates as follows:
  - 1.2.1. To update the Cabinet on the City Council's ownership of shares in Ravelin Group Limited ("RGL") and subsidiary companies Ravelin Housing Limited ("RHL") and Ravelin Property Limited ("RPL").
  - 1.2.2. To provide key highlights from RHL on individual projects updating on activities undertaken during the fourth quarter (December 2021 to March 2022).
  - 1.2.3. To report on the companies unaudited Micro Entity Financial Statements, for the accounting period ending 31<sup>st</sup> March 2022.

## 2. Recommendations

That the Cabinet, as shareholder is: -

- 2.1. To note and approve the Q4 2021/22 Quarterly Update report as submitted to Cabinet by the Company at **Appendix One**.
- 2.2. To note and approve the financial accounts for the Company for the period ending 31 March 2022, at **Appendix Two**.
- 2.3. To note the progress reported on the existing project at Brewery House, Hambrook Street.

- 2.4. Note the appointment of the two Non-Executive Directors to RHL and the formal board meeting that was held for both RHL and RGL on 12<sup>th</sup> April 2022.
- 2.5. Note that the engagement and collaboration of the Company with the Council on the Horatio and Leamington private Build-to-Rent units in Somerstown is progressing in-line with the approved development pipeline in the five-year business plan for the Company.
- 2.6. Note the Director of Regeneration is no longer a board member of the Ravelin Group and has been replaced by the Acting Director for Property and Development in line with the decision made by the Board on 12<sup>th</sup> April 2022. The change allows the Director of Regeneration to act unencumbered in supporting the Shareholder in any required commercial decision making.

### **3. Background**

- 3.1. On 28 February 2019, Cabinet approved the business case for the establishment of RHL to act as a property development company for the Council.
- 3.2. On 15 December 2021, Cabinet Sub-Committee approved the Ravelin Housing Limited five-year Business Plan and Investment and Development Plan.
- 3.3. On 12 April 2022, the City Council entered into a Shareholders' agreement with (a) Ravelin Group Limited and (b) Ravelin Housing Limited which sets out that the group of companies has been established for commercial and profit-making purposes, to carry out the business in accordance with the agreements and that the parties had entered into the agreements to regulate the manner in which the companies carry out their business.
- 3.4. The Shareholders Agreements set out details for the reporting requirements of the Company which includes the need to submit to the Council a quarterly project update report on activities and a report on financial accounts.

### **4. Reasons for recommendations**

- 4.1. The reports in Appendix One and Two are required of the Companies under their respective Articles of Association (i.e., their own constitution) and the Shareholder Agreements with the Council.
- 4.2. The reports have been scrutinised by the Director of Regeneration, the Director of Finance and S151 Officer on behalf of the Council. The Officers are comfortable that the companies are operating within the parameters of the Business Plan approved by the Cabinet in December 2021 and have no concerns to raise in relation to their performance.
- 4.3. Although disappointing to note the delays to the target date for practical completion of the Brewery, Hambrook Street, it is accepted that this is due to unforeseen circumstances. Therefore, Council Officers are content that the project remains on track and within budget and will continue to keep progress under review.

## **5. Integrated impact assessment**

- 5.1. An integrated impact assessment is not required as the recommendations do not directly impact on service or policy delivery. Any changes made arising from this report would be subject to investigation in their own right.

## **6. Legal implications**

- 6.1. The Council are sole shareholder for Ravelin Group Limited, a dormant parent company which is the 100% owner of:
- Ravelin Property Limited (Dormant company i.e., not trading)
  - Ravelin Housing Trading Company (Trading)
- 6.2. The aim of this report is to ensure that Cabinet, on behalf of the Council, acting as Shareholder, is kept fully apprised of its investment in the companies, the progress of its activities and can understand the risk of the activity to the Council.
- 6.3. The Directors of RHL are required by their Articles of Association to ensure that they run the Company in accordance with the Business Plan approved by Cabinet in December 2021. This report, therefore, is an opportunity for Cabinet to hold the Directors of RHL to account for their performance.

## **7. Director of Finance's comments**

- 7.1. There are no direct financial implications because of approving the recommendations within the report.
- 7.2. The Council are the sole shareholder for Ravelin Group Limited, the ultimate parent of Ravelin Group of Companies. The Ravelin Group of companies includes:
- Ravelin Group Limited (Dormant Parent Company)
  - Ravelin Property Limited (Dormant)
  - Ravelin Housing Trading Company (Trading)
- 7.3. The Council have in this quarter entered two borrowing agreements, called a Facility Agreement with Ravelin Housing Ltd for the funding of the business. The first agreement is for working capital (i.e., to enable the company to finance the everyday expenses of RHL). The second agreement is for specific developments (the development at Hambrook Street). The funding arrangements for Hambrook Street were released following approval of the Business Justification Case presented at Cabinet on 14 September 2020 conditional on approval of the Business Case by the S.151 Officer and the Director of Finance. Both Officers subsequently approved the Business Case and the Council entered into the Facilities Agreement to enable the development to commence.
- 7.4. The Shareholder is content that the assumptions in the Hambrook Street Business Case were robust and at this point in the project appear to be accurate and the City Council is confident that the development will be delivered within budget and that the Council will be able to recover the money lent to the Company.
- 7.5. The Council have reviewed the Company's accounts and are confident that the Company is financially stable at this point.

Signed by:

**Appendices:**

Appendix One - Ravelin Shareholder Update Report Q4 2021-22

Appendix Two - Ravelin Financial Statements for period ending 31 March 2022

**Background list of documents: Section 100D of the Local Government Act 1972**

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

The recommendation(s) set out above were approved/ approved as amended/ deferred/ rejected by ..... on .....

.....  
Signed by: