



Quarterly Shareholder Update Paper - Q4 December 2021 - March 2022

For Cabinet Meeting: 26th July 2022

1. Purpose of the Report

- 1.1. This is a report of the Ravelin Group of Companies for the December 2021 to March 2022 quarter, approved by both Ravelin Housing Limited during a board meeting held 1st July 2022.
- 1.2. To update the Shareholder at Cabinet on the activities of Ravelin Group Ltd (RGL) and subsidiary companies, Ravelin Housing Limited (RHL) and Ravelin Property Limited (RPL), with financial accounting reported to 31st March 2022.

2. Background

- 2.1. Portsmouth City Council owns all shares in Ravelin Group Ltd and its subsidiary companies RHL and RPL.
- 2.2. The shareholder has appointed 3 Directors to RGL. A further 2 Directors have been appointed to RHL in addition to 2 external Non-Executive Directors (NED). The NEDs are not affiliated with the City Council as employees. The Directors of the company carry out the day to day running of the business with the Council, as shareholder, to have oversight of the company.
- 2.3. The business of Ravelin is to acquire, own, develop, build, manage, rent and sell land and property for commercial and profit-making purposes, in line with its approved business plan.
- 2.4. On 15th December 2021 Portsmouth City Council approved at Cabinet Sub-Committee the companies 5-year Business Plan and Investment and Development Plan, which sets out the growth strategies; pipeline of sites for development; it's investment criteria; budget and financial projections for the next 5 years.
- 2.5. As part of the Shareholders Agreement between Portsmouth City Council, Ravelin Group and Ravelin Housing Ltd the Company is to provide a quarterly highlight report, which is the basis of this paper.
- 2.6. RPL remains a dormant company.

3. Performance against Business Plan

The business plan sets out the planned activity program for RHL over 5-10 years. This report is providing an update on tranche one of the planned program.

3.1. Hambrook Street

3.1.1. Background



The conversion of the former Brewery on Hambrook Street will deliver 17 build-to-rent one and two-bedroom apartments, with 3 units being available as affordable private rent.

3.1.2. Programme

The project was awarded to principal contractor Ascia under a JCT Design and Build contract and the works are 64% complete in a 78-week programme. A delay of 3 months has been awarded as a result of a number of concealed asbestos findings which were separately notifiable to the HSE, resulting in works being delayed. Completion is anticipated for March 2023.

3.1.3. Financial

The contract was awarded to Ascia and whilst some additional costs have been approved, the project remains within budget with the additional cost falling within the contingency. The additional costs are a result of delays from the asbestos notifications and client improvements to the specification to enhance the end product and quality of finishes.

3.1.4. Management

A proposal will shortly be presented to the Shareholder recommending that a subsidiary company be formed called Hambrook Street Ltd.

The purpose of this company, subject to shareholder approval, is to acquire the developed asset from RHL and hold and manage the asset during its operational phase. The Council will be the sole shareholder for the company.

3.2. Horatio and Leamington



Collaboration with the Council on the development of Horatio and Leamington is ongoing. RHL continue to focus on opportunities to acquire and develop 'Block B' which could deliver up to 205 private rent or build-to-rent apartments.

The focus for the next quarter is to develop a business case to acquire the site. A business case can then be presented to the board and shareholder for consideration in November 2022.

Alongside this, a planning application for Block B will be prepared with the City Council for submission in October 2022.

3.3. Future pipeline

In line with the approved business plan, opportunities are to be explored with Portsmouth City Centre regeneration projects.

4. Financial Performance

Currently, RHL has one approved and active project, the conversion of the Brewery, Hambrook Street. This is funded through a Facility Loan agreement from Portsmouth City Council.

The accounts report a £1.39m loss in the year ending 31st March 2022. This is in line with the original business case as the sale of Hambrook Street will be the only form of trading income the company will receive which will be received once the project is completed in early 2023.

There are currently no concerns that the project will not be delivered within the approved Facility Agreement and Business Case parameters.

4.1. Annual Accounts Summary

The unaudited accounts up to 31st March 2022 of Ravelin Housing Ltd and Ravelin Group Ltd are attached at **Appendix One**.

Ravelin Group whilst incorporated is not a trading arm and therefore the accounts for this Company are prepared on a dormant basis.



4.2. Audit of Company Accounts

There is no requirement for Ravelin Housing Ltd's accounts to be formally audited. The company's turnover is less than £10.2m, the Companies assets are less than £5.2m and they have no employees.

The company are happy for the accounts to be audited by the shareholders internal auditors if they so wish.

The Ravelin Housing Ltd board approved the accounts and this report, during the board meeting held on 1st July 2022. Subject to Cabinet approval the accounts will then be submitted to Companies House for the 1st January 2023 deadline.

5. Governance

5.1. Non-Executive Directors

Andrew Tice and Jon Boast have been formally appointed and registered as Non-Executive Directors of Ravelin Housing Ltd.

5.2. Board Meetings

On 12 April 2022 Ravelin Group Ltd and Ravelin Housing Ltd held a formal board meeting.

On 1st July 2022 Ravelin Housing Ltd held a formal board meeting.