

TRGL BOARD MEETING

ITEM: 4.1

The Board is asked to **NOTE** the update on Committee and Subsidiary Board Activity for the period 4 December 2024 to date. Minutes of all meetings in the period can be found on Convene or are available upon request.

Pension Trustees 10/12/2024 Attendance 100%, Length: 3 hours 30 minutes. Mode: In person

Assurance and Risk

Quarterly funding update as at 31 October 2024

SM presented the funding dashboard. He noted that despite some movements in markets between the date of the dashboard and the meeting date, the funding position remained stable overall due to the level of matching.

Benefit rectification project

NMO noted that the NRA equalisation project and the GMP equalisation project had been merged together given the overlap on member impact. She noted that the project had an implementation target of 31 December 2025, which would include correcting pensions in payments and paying back-payments.

GMP equalisation

NMO presented the GMP equalisation paper which considered 'nil liability' members in the Scheme. She noted that there were 140 members who had service in scope, but that not all of these will necessarily need an increase.

Investment monitoring report Q3 2024

AO presented the quarterly report, noting that recent market movements had been relatively calm and that the Scheme's investment strategy remained in a stable position.

Expected return on current strategy

SM explained that, in order to be fully funded on a low-dependency basis ahead of the Scheme reaching maturity, the Scheme's portfolio needed to generate a return of at least gilts plus 1% pa. The Trustees noted that the current portfolio was estimated to achieve a return of gilts plus 1.01% pa based on market conditions at the end of October.

Items to note

Quarterly financial report

This report contained information and financial metrics to help the Trustees' monitor the strength of the covenant. JW noted that the Q2 forecast did not appear as favourable as the Q1 forecast and asked about the reasons for this. ET noted that this was due to several factors, including the increase in the living national wage which had been implemented in November. ET noted that as rent increases are fixed in relation to September CPI, the increase in salaries would be greater than the level of rent increases. ET also added that the recoverability of the service charges on One Housing Stock in London had been low and that repairs and maintenance costs continued to increase.

Outcome of JP Morgan Infrastructure fund advice

AO confirmed that a disinvestment request for [REDACTED] had been submitted to [REDACTED] and that the proceeds are expected to be received in June 2025.

Assurance and Risk

Financial performance:

LE detailed the financial challenges, particularly with revenue. [REDACTED]

[REDACTED] The team will go through in detail with Depak the financial performance and provide an update at the next Renovo Board meeting. The Chair asked the team to consider corporate tax liabilities.

Members discussed a possible risk with a former Baycroft staff employee who was made redundant and was at an Employment Tribunal. This could cost £3k, with a worse case cost of £3.5k. Members agreed this was a limited risk with going to The Employment Tribunal but that the risk should be noted in the Q3F.

Items to note

Update on moving voids service into Riverside Repairs Service:

[REDACTED] An update to be provided at the next Renovo Board meeting.

Overhead reduction options for Renovo and long-term future for Renovo: Members discussed two main options for Renovo going forward:

- Option one: Renovo to continue as it is. Costs and financial performance will need to be reviewed. Members were concerned that the company had some financial challenges and was inefficient. Any work undertaken would need to be profitable and small cleaning jobs didn't offer the necessary profit margins.
- Option two: [REDACTED]

To be discussed further at the January Renovo Board meeting.

Assurance and Risk

Managing Director's Report: Sales rates on all live developments had improved. MO advised members to remain cautious due to changing market conditions.

Since the last report, two plots were legally completed at Mitton Grange and four plots at Bridgemere. At the time of writing, overall forty-nine plots were legally complete, exchanged or reserved, compared to a budget of sixty-eight plots and a Q2F of sixty-seven plots.

Items to note

Management Accounts: [REDACTED]

[REDACTED] To end of October, 28 open market sales had been achieved and 63 handovers to Riverside were expected by the end of March 2025.

Part exchange sales were behind forecast however, a potential 10 were expected at Bridgemere.

The Sales Office at Abbey Vale was due to open on 14 December, with seven appointments booked for the weekend. The Show Home was expected to open early 2025.

Mitton Grange was now forecast to be complete by February 2025

At Middlemass Hey, good build progress continued with all plots now watertight. The development was now forecast to be complete by March 2025

In the previous Board report a risk was identified associated with the extent of S278 remedial works, at a cost of c£175k, required following an inspection by LCC Highways. The extent of the works had now been reduced in line with the original scope of works. However, a further risk had been identified regarding the depth of tarmac at sections of the new highway which was likely to require remedial works. No costs could be put against the risk at this time. This matter was currently being agreed with LCC Highways. Since the last Board report, works had commenced on site.

Risk Register and business updates:

MO discussed the market conditions, demand and the house types currently available for sale on the Prospect live sites.

Prospect had won an award for Small Development of the Year for Bridgemere, and highly commended in the Residential Developer of the Year category, at the YM Liverpool Property and Business Awards

AC discussed options and headroom depending on business performance and decisions.

– Disposal Update: MO reported that 10 parties had been approached regarding the sale of the Hollins Green site and 7 had confirmed their interest. The team were looking for a completion by 31 March 2025. Offers and options will be discussed further with the team. MO discussed land options and future sale prospects.

Acquisition Proposal: Discussed in detail by members. Members delegated authority to Board members Cris McGuinness and Ian Gregg to consider and, if they deem appropriate, authorise the purchase of based on deferred land payment terms as detailed within the report. CAM and IG to review updated headroom and cash flow modelling to determine affordability as part of their decision-making process. The Board was supportive of the land purchase, if the option was financially viable.

Group Development Committee 15/01/2025 Attendance 100%, Length 1hr, 22mins, Mode: Via Video Conferencing

DRAFT

Alert

Continue to monitor closely the Countryside/Vistry performance, updates, and impact on existing projects

Advise

Items to note

The Windsor and Maidenhead Stock Transfer was delayed. Teams were working to progress the transfer.

A report to GDC and Group Board was expected shortly on the Westwood Cross development, the appointment of a contractor and options regarding the number of units.

GDC requested a 'lessons learned report' following the cost increases at the Sandbrook development.

Assure

Sales and lettings had improved at Canning Town.

Group Board expected to discuss the 2025/26 budget at their January meeting. [REDACTED]
[REDACTED]

Members agreed that development costs were expected to continue to be challenging across the sector.

Progress was reported with the decant and buy-backs at Tiller Road, Stewart Street and Camden.

The Committee approved the cost increases on the [REDACTED] development. Members approved the contract cost uplift of [REDACTED] to cover the cost of the works required for the highways and ground works. The updated cost appraisal now stood at [REDACTED], with an overall cost increase of [REDACTED] since the original appraisal. To offset some of the cost, there was some additional income including Homes England grant and tenure change of [REDACTED]

Members were provided with an update on the gas issue at Verdin Exchange. Equans had provided some proposals, and the team were reviewing options. This continued to be closely monitored.

Members were provided with an update regarding Countryside/Vistry exposure. This continued to be monitored closely.

The procurement process was now concluded for the [REDACTED] development. A report was expected shortly for members to consider options for appointing a contractor and the number of units to build out. The planning application was granted on 23 December 2024.