

Date/Time 28 th May 2021 13:00 – 16:45	Venue By Teams/Telephone Link
<p>In attendance: Directors: Richard Wearmouth Jeff Reid Guy Renner-Thompson Maureen Taylor Kelly Gardner</p> <p>Present: Ken Dunbar Robin Earl Colin Dixon Pat Walker Daljit Lally Rick O'Farrell William Thompson Kim Grant (Minutes)</p> <p>Part: Andrew Lovatt (part)</p> <p>Apologies: Malcolm Robinson Kelly Angus Jan Willis</p>	<p>Chair</p> <p>Advance Northumberland Managing Director Advance Northumberland Chief Operating Officer Advance Northumberland Chief Finance Officer Advance Northumberland Governance & Performance Manager NCC Chief Executive NCC Executive Director, Planning & Economy Group Company Secretary</p> <p>Advance Northumberland Personal Assistant</p> <p>Advance Northumberland Director of Developments (Commercial & Infrastructure)</p> <p>NCC Executive Director, HR & OD NCC Interim Section 151 Officer</p>

1.0	Notice & Quorum
1.1	The Chair welcomed the attendees, including the two new Directors, and declared the meeting quorate.
2.0	Apologies for Absence
2.1	The Chair reported that there had been apologies for absence from M Robinson, K Angus and J Willis.
3.0	Declarations of Interest
3.1	The Company Secretary stated the written declarations for the new Directors were recorded as a general notice.
3.2	Maureen Taylor declared an interest with regard to Item 13b due to involvement with the likely development at the Walkergate site through membership of the NCC Accommodation Group Board.
4.0	Minutes of the Previous Meetings
4.1	The minutes of the previous meetings held on the 26 th March 2021 were REVIEWED and AGREED .
4.2	Actions from the 26th March 2021 Board Meeting
4.2.1	The Managing Director confirmed that there were no actions to report back on from the previous Board meeting.
4.2.2	<p>Maureen Taylor enquired as to whether a brought forward action plan was used as there were a number of items from previous minutes that would be on a forward plan and picked up at the next meeting.</p> <p>The Chief Operating Officer confirmed that a log was kept of all actions that had been discussed at Board level. These were reviewed by the Senior Executive Team on a weekly basis and reported periodically to Board. These would be brought to a future Board meeting.</p>
4.2.3	<p>Maureen Taylor enquired as to the status of the updates on Teckal and the Efficiency Strategy as referred to in the previous minutes.</p> <p>The Chief Operating Officer confirmed that, following the previous Board meeting, a detailed action plan was being worked through for the Efficiency Strategy and this would be presented at a future Board meeting.</p> <p>With regards to Teckal, the Chief Operating Officer commented that this had been a long drawn out process, but solutions were now in place and we were currently</p>

	awaiting sign off from NCC's Section 151 Officer. An update would be brought to a future Board meeting.
5.0	Matters Arising
5.1	There were no items brought to the meeting under Matters Arising.
6.0	Constitutional changes to Advance Northumberland
6.1	The Company Secretary formally recorded that the Shareholder had passed a special resolution amending Advance Northumberland's Articles of Association and had appointed Maureen Taylor and Kelly Gardner to the Board and William Thompson as Group Company Secretary. All of the appointments had been filed with Companies House and all Corporate requirements had been attended to.
6.2	The Chair commented that although the new Directors had been added to the the Board of Advance Northumberland Limited (the group holding company) there were a number of other companies within Advance Northumberland and the Articles of Association of those companies should be amended to reflect those of Advance Northumberland Limited.
7.0	Ratification of Virtual Board Decisions
7.1	The following virtual approvals were ratified by the Board; <ul style="list-style-type: none"> • Adjustment to Final Accounts (Mazars) – 29th March 2021 • Annual Governance Statement – 16th April 2021 • East Ord, Berwick – 16th April 2021
8.0	Performance Update
8.1	There were no performance updates brought to the meeting.
9.0	Policies
9.1	There were no policies brought to the meeting.
10.0	Approvals
10.1	There were no approvals brought to the meeting under this section.
	CONFIDENTIAL ITEMS FOR INFORMATION
11.0	Power of Attorney & Ward Hadaway Schedule
11.1	The Chief Operating Officer presented the summary papers which gave the Board details of the use of Power of Attorney since the last Board meeting under delegations and having been procured through NCC's procurement portal.
11.2	The Chief Operating Officer reminded the Board that the Power of Attorney existed to enable the Managing Director and the Chief Operating Officer to sign

	documents on behalf of the Company. Decisions were taken in accordance with the approved schedule of delegations.
	The Board:
11.2	<ul style="list-style-type: none"> • NOTED the contents of the report and schedule.
12.0	Performance Updates
12.1	Northumberland Energy Park
	[REDACTED]
	[REDACTED]
12.1.3	The Director of Developments (C&I) asked the Board to note that Advance Northumberland continued to work closely with NCC and the LEP as funding partners. The last Project Board meeting took place on the 12 th May 2021.
	[REDACTED]
	[REDACTED]
	[REDACTED]

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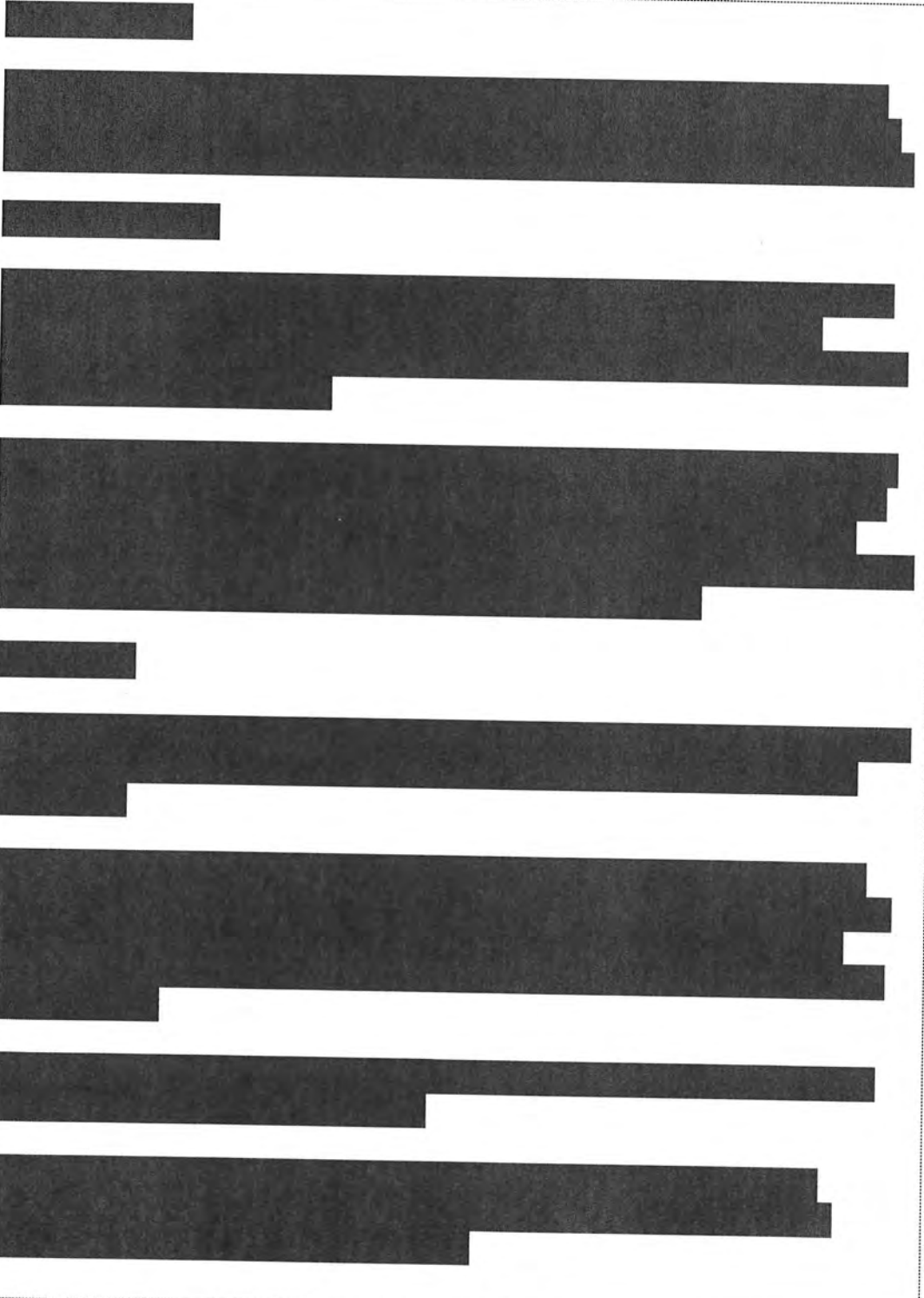
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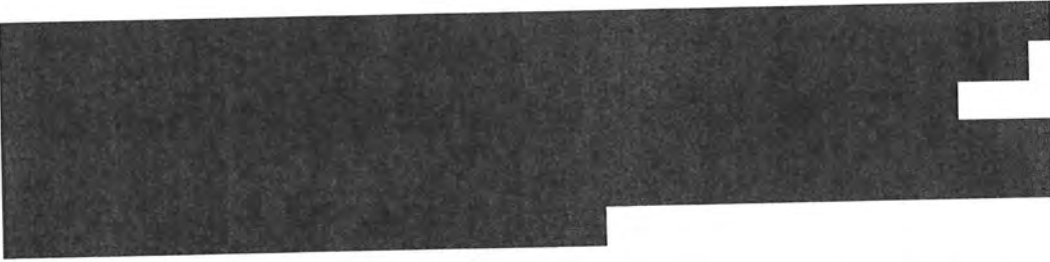

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	<p>[REDACTED]</p>
	<p>The Board:</p>
<p>12.1.19</p>	<ul style="list-style-type: none"> • NOTED the contents of the report and appendix.
<p>12.2</p>	<p>Finance Update</p>
<p>12.2.1</p>	<p>The Chief Finance Officer presented the report to update the Board on:</p> <ul style="list-style-type: none"> • the financial results for the year up to and including April 2021; • the forecast to the end of the financial year
<p>[REDACTED]</p>	<p>[REDACTED]</p> <ul style="list-style-type: none"> • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED]
<p>[REDACTED]</p>	<ul style="list-style-type: none"> • [REDACTED]

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	<p>[REDACTED]</p>
<p>12.2.7</p>	<p>The Chair commented that there was a [REDACTED], which generated a high level of Council Tax for Advance Northumberland. Work was currently ongoing on a wider strategic piece [REDACTED] but from a company perspective we should be divesting ourselves of these but alternatively holding on to them from a regeneration point of view.</p> <p>The Chief Operating Officer confirmed that work was ongoing within the Advance Homes team who were in active dialogue with NCC with [REDACTED]</p> <p>[REDACTED]</p> <p>The Chief Operating Officer confirmed that a short report would be provided to the next Board meeting to document the current position [REDACTED]</p>
<p>12.2.8</p>	<p>Kelly Gardner requested that the commercial debt analysis information should be highlighted to identify the companies that are in a payment plan.</p>
<p>[REDACTED]</p>	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>

	<p>Maureen Taylor asked whether a comparative assessment could be undertaken to see what sort of return was possible and whether it had been measured against other sites nationally.</p> <p>The Chair confirmed that opportunities were being investigated with NCC in particular for [REDACTED]. Workman had benchmarked the site against other retail shopping centres and, unlike most, [REDACTED] had done incredibly well under the circumstances [REDACTED]</p>
12.2.10	<p>The Chief Finance Officer confirmed that the draft Statutory accounts for the year ended 31 March 2021 had now been submitted to NCC for consolidation prior to the external audit being carried out in August 2021.</p>
	<p>The Board:</p>
12.2.11	<ul style="list-style-type: none"> • NOTED the contents of this report and presentation (Appendix 1).
12.3	<p>Annual Finance Update inc. First draft 20/21 accounts</p>
12.3.1	<p>The Chief Finance Officer presented the report which summarised the financial performance of the Advance Northumberland Group of companies covering the period 1st April 2020 to 31st March 2021.</p> <p>The financial performance of the Group was measured against the budgets set out in the Medium Term Financial plan agreed in early 2020. It should be noted at this point that those Medium Term plans were compiled <i>prior</i> to the Covid-19 pandemic, and therefore the budgets were based on a set of assumptions which would have been expected under “normal” commercial circumstances.</p> <p>During the year the Group achieved some significant milestones, delivering positive outcomes across the county in line with the strategic objectives set out by the Shareholder.</p> <p>These included, but were not limited to:</p> <ul style="list-style-type: none"> • Ascent Homes had sold an additional 50 units to the private housing market • Ascent Homes also achieved practical completion on 28 residential units at Ellington, for Bernicia to provide additional affordable homes within Northumberland • Advance Developments Project Management and investments teams had worked tirelessly to deliver significant progress on the NEP1 site, and successfully brokered the deal to bring the Britishvolt Gigafactory to the NEP3 site in Blyth

- Advance Homes continued to provide over 1100 homes for residents in Northumberland, with an average occupancy rate of [REDACTED]
- Advance Commercial had continued to provide industrial and commercial units for a wide variety of tenants across the county, including many "essential" service providers throughout the Covid-19 pandemic
- Faced with a very challenging trading climate Advance Commercial had maintained an occupancy rate of [REDACTED]
- Business Northumberland had continued to offer support to many businesses across the county, helping numerous business to not only survive but also thrive during a very difficult period
- Our corporate functions had. adapted quickly to new ways of working and supported our workforce to deliver strong performance against an unprecedented set or working conditions

12.3.2 Performance vs. Budget

The table below showed the Operating profit of the Group vs. the original budget.

- Reduced administrative expenses across the group [REDACTED]) – [REDACTED] of this saving was due to the reduction in lease renewals and negotiations within [REDACTED] as well as home working, lack of face to face activity, reduction in activities carried out due to the pandemic and the impact of the furlough scheme on staff expenses etc.
- [REDACTED] – mainly due to [REDACTED]
- Turnover was in line with budget, which showed how resilient the core functions of the business had been in dealing with the global pandemic

- The overall impact of the above was that the Groups Operating profit was [REDACTED]

The Operating profit figure shown above gave a good indication of how the operational areas of the business had performed over the course of what had been one of the most challenging years on record for many businesses, especially those with a heavy reliance on the retail and commercial sectors. The operating profit was then further impacted by Balance Sheet adjustments/exceptional items such as Gains/losses on disposals and revaluations and any write offs of bad debt provisions in the year. The main impacting items were;

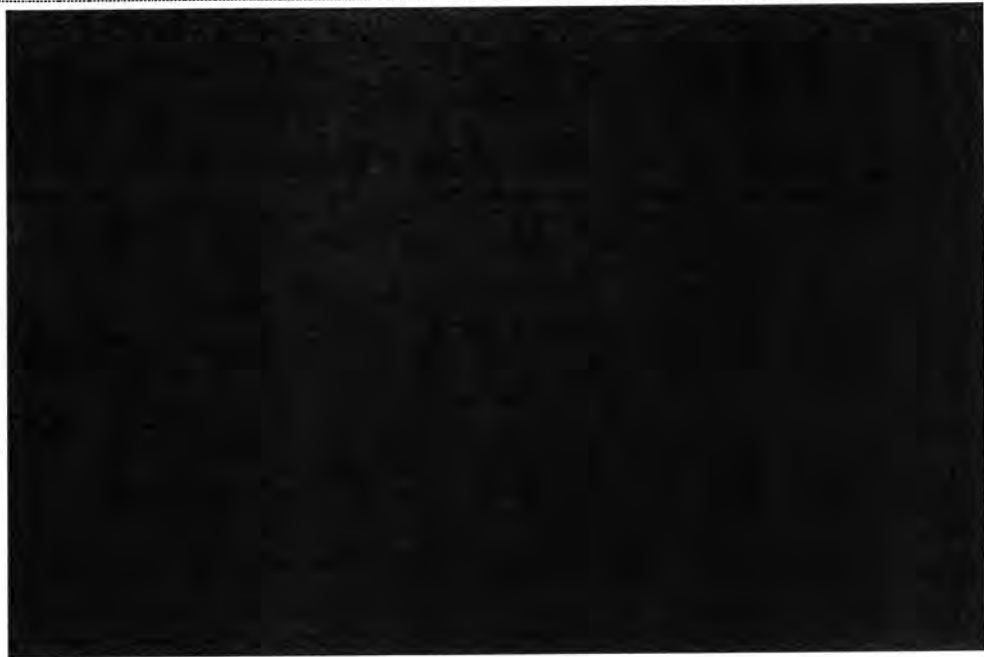
- [REDACTED]

The revaluations were based on the independent professional valuation (see separate Board paper) and reflected the property market at 31 March 2021; it was hoped that in future years when the short-term Covid impacts on retail property were lifted, that there may be some reversal of the downward revaluation.

The Net impact on the financial position of the company based on the above was shown in the table below.





	<p>It could be seen from the values above that the Group was expected to make [REDACTED] in the year to March 2021. However, the actual values reported through our year end accounts would be a [REDACTED].</p> <p>Each Group company's individual performance was shown below.</p>
<p>12.3.4</p>	<p>Advance Northumberland Limited (Head Office/Corporate Functions)</p> <div data-bbox="408 573 1362 1070" style="background-color: black; width: 100%; height: 100%; margin: 10px 0;"> </div> <p>The Corporate functions included the Economic Development Team (also known as the Economic Growth Team). This team delivered business support across the region and drove inward investment on schemes like Energy Central (NEP1 and NEP3), Ashwood Business Park and other schemes including Enterprise Zones projects across the county. The Corporate function was funded by recharging most of its internal costs to the Commercial, Development and Housing entities which it supported, and also via a Dividend from the Housing entity which in effect covered the Economic Growth Team.</p>
<p>12.3.5</p>	<p>Advance Northumberland (Commercial) Limited</p> <p>The Commercial Entity had been the most severely impacted by the covid-19 pandemic in terms of the revaluation losses, and also lost rental income from a number of companies who had submitted CVA's during a very turbulent trading year.</p>




The main revaluation movements in the year were;

- 


There were numerous movements across the commercial portfolio to generate the . The Commercial entity had Assets totalling over  in value and would expect to see a marked improvement in future valuations with a more favourable trading climate in the years to come.

12.3.6 **Advance Northumberland (Housing) Limited**

It could be seen from the table below that the operational performance of the housing entity had been the strongest performer in the group. Delivering an additional .



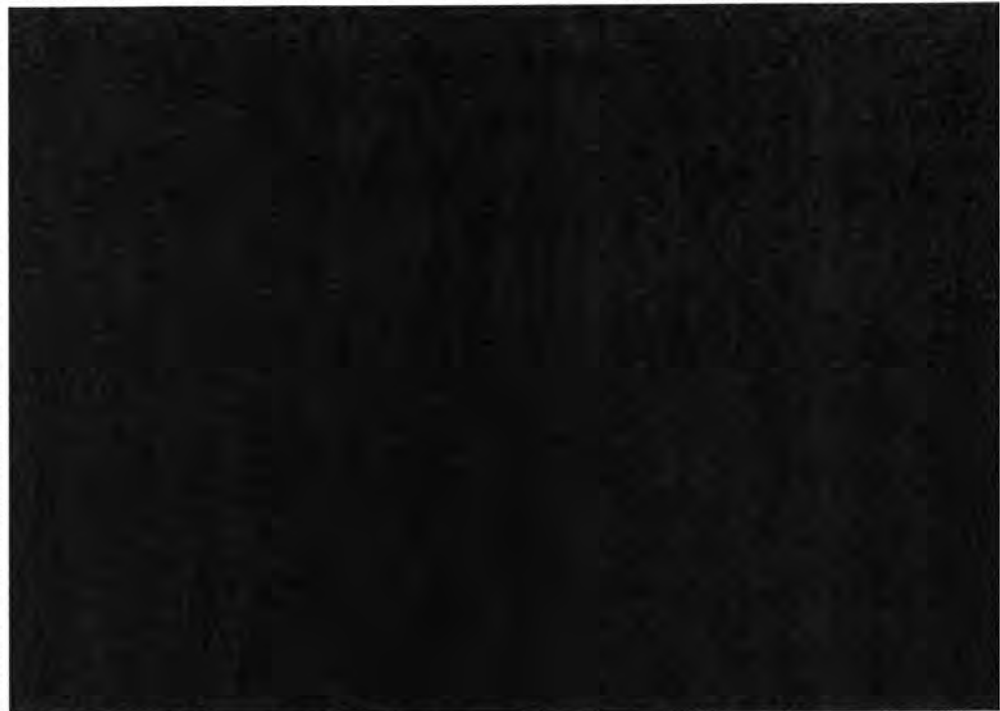
This was largely due to

- Savings in expenditure brought about by the Covid-19 pandemic.
- An inability to carry out as many non-emergency repairs as would have been originally expected due to covid-19 restrictions
- Savings on staff and other administrative expenses.




12.3.7 Advance Northumberland (Developments) Limited

The Developments entity included Ascent Homes and the Project Management Team, and the performance of the entity could be seen here.



As shown above the biggest single factor impacting the performance of the development entity had been the Cost of Sales values recognised during the year on the Ascent homes Sales.

There were numerous mitigating factors which combined to cause 






- 
- 

As with the other entities general running costs within the Developments entity was showing a favourable variance when compared to budget.

Less administrative costs had been incurred due to;

- Less travel
- Lower office-based costs
- Lower employment costs expenditure as vacant roles had not been filled
- Furlough scheme participation had also reduced staff-based expenditure throughout the year.



12.3.8	
12.3.9	<p>The Chief Finance Officer commented that it was evident from the figures set out above that the operational performance of the Group remained strong during an incredibly challenging year. When staff had faced never seen before challenges in the commercial trading landscape, as well as embracing enforced new working conditions and practices. Regularly going above and beyond to ensure delivery of our operational needs to meet the strategic objectives set by NCC as our ultimate shareholder.</p> <p>As the economic climate shifts to a more positive one following further removal of restrictions linked to the covid-19 pandemic, it was expected that the Group as a whole, and each individual entity, would return to a profit generating position over the next year or two.</p> <p>Favourable revaluations in future years would also help offset the negative “below the line” impacts seen in recent years which had vastly reduced retained profits within the group. These exceptional items were outside of the control of the entities themselves but it was hoped that the strong Commercial, Retail and Housing assets we held and would build/acquire in future years would help to push those revaluations in a positive direction.</p>
	<p>Maureen Taylor asked that the figures within the draft accounts be checked for consistency.</p> <p>Maureen Taylor questioned the statements regarding revaluations by BNP Paribas and Knight Frank. The Chief Finance Officer confirmed that BNP Paribas had completed the revaluations the previous year with Knight Frank this year. The wording had not yet been updated from the draft accounts, it was purely just the numbers for the purpose of consolidation. These would be updated in the actual audit in August 2021.</p>   <p>The Chief Operating Officer confirmed that that was up for considering in the future. The Company did own land around and adjacent to that so we would need to look at it strategically on an estate basis. Also, there are not many</p>

	<p>transactions in the market for retail property at the moment so therefore now would be a bad time to realise that asset commercially as a sale at the bottom of the market. [REDACTED]</p> <p>[REDACTED] No strategic reason why we would hold that into the longer term.</p>
	The Board:
12.3.10	<ul style="list-style-type: none"> • NOTED the contents of the report and appendices.
12.4	Asset Valuation Report
12.4.1	<p>The Chief Finance Officer introduced the report stating that, in line with the requirements of Advance Northumberland's financial accounting, Advance Northumberland were required to undertake annual valuations of the property assets held within the Homes and Commercial portfolio.</p> <p>The purpose of this report was to provide an update to Board of the revised asset valuations of the Homes and Commercial portfolios as of 31st March 2021.</p>
12.4.2	<p>The Chief Finance Officer confirmed that, as part of yearly accountancy practices, Advance Northumberland carried out annual asset re-valuations across the full portfolio.</p> <p>As part of this process Advance Northumberland appointed RICS (Royal Institution of Chartered Surveyors) surveyors to provide comprehensive asset valuations of both the commercial and residential portfolio.</p> <p>All valuations were to RICS Valuation standards in accordance with UKGAAP (FRS 102) regulations.</p> <p>All assets had been valued for accountancy purposes as of 31st March 2021.</p>
12.4.3	<p>The Chief Finance Officer stated that the valuers were procured by way of tender via the NCC (Northumberland County Council) procurement portal.</p> <p>The deadline for all tenders to be submitted for both Commercial and Homes was set as 6th January 2021.</p> <p>Overall, there were 3 tenders submitted in relation to the Homes valuation and 4 tenders submitted in relation to Commercial valuation.</p> <p>All tenders were scored and assessed based on criteria of 50% cost and 50% quality.</p>

12.4.4

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12.4.6

The Chief Finance Officer gave a breakdown by area which could be seen in the table below:

[Redacted]

12.4.7

[REDACTED]

[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

12.4.8

The Chief Finance Officer gave a breakdown by estate class, which could be seen below, which detailed decrease across retail in asset values, however it also showed positive gains across our Workspace, Leisure, and Industrial stock.

[REDACTED]

12.4.9

The Chief Finance Officer confirmed that the housing portfolio values had remained fairly static [REDACTED]

[REDACTED]

[REDACTED]

The retail market had taken a hit across the world due to COVID 19 restrictions and their ability to trade. The values were based on market conditions and comparable evidence and it was envisaged that these would pick up once the economy headed back to 'normal' conditions.

12.4.10	<p>Maureen Taylor asked whether housing outside of Northumberland was historic or part of the plan?</p> <p>The Chair confirmed that it was a legacy from 2013-2017 where the majority of the homes were obtained through portfolios [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
	<p>The Board:</p>
12.4.11	<ul style="list-style-type: none"> • NOTED the contents of the report.
12.5	<p>PID Update</p>
12.5.1	<p>The Chief Operating Officer presented the report the purpose of which was to inform the Board of the current status of PIDs currently live and in development.</p>
12.5.2	<p>The Chief Operating Officer confirmed that Advance Northumberland provided project management, consultancy services and housebuilding services to NCC.</p> <p>The system for agreeing projects between Advance Northumberland and NCC had recently been formalised into a structured process, starting with a Project Initiation Document (PID). Advance Northumberland proposed a fee at the outset of the PID, which was subject to a review by the Lead Officer at NCC and the Shared Procurement Service. Based on their respective approvals, the PID became a formal contract.</p>
12.5.3	<p>The Chief Operating Officer informed the Board that work in progress under contracts with NCC were detailed within the Projects Schedule as appended to the Performance Report which was updated on a regular basis.</p> <p>In place of reporting these projects to the Board under two items for attention, it is the intention to deal with all in progress projects, PID or otherwise, to be monitored through the Project Schedule under the Performance section of the Board and for this section to be utilised to inform Board about pipeline projects and seek to inform Board of Advance's involvement in projects as per instructions from NCC via PID's.</p>
12.5.4	<p>The Chief Operating Officer confirmed that Advance Northumberland had received no new PID's since the last Board meeting.</p>
	<p>The Board:</p>
12.5.6	<ul style="list-style-type: none"> • NOTED the contents of the report and appendix.
12.6	<p>FOI/DATA PROTECTION</p>

12.6.1	The Chief Operating Officer introduced the report, the purpose of which was to inform the Board of FOI and Data Protection issues dealt with by the company over the preceding month.
12.6.2	<p>The Chief Operating Officer informed the Board that the Freedom of Information Act 2000 provided public access to information held by public authorities by:</p> <ul style="list-style-type: none"> • Obliging public authorities to publish certain information about their activities and • Enabling members of the public to request information from public authorities.
12.6.3	<p>The Chief Operating Officer confirmed that we normally had 20 working days to respond to a request. However, there were certain circumstances that we could refuse a request which included:</p> <ul style="list-style-type: none"> • It would cost too much or take too much staff time to deal with the request • The request was vexatious • The request repeated a previous request from the same person. <p>Other exemptions related to particular types of information, for example information relating to government policy, where harm would arise from disclosure or where disclosure would be likely to prejudice a criminal investigation or prejudice someone's commercial interest.</p> <p>The grounds for refusing a request were tightly regulated and before a refusal could be agreed, consideration must be given to the public interest test and the prejudice test.</p>
12.6.4	<p>The Chief Operating Officer confirmed that Advance Northumberland had received one FOI request in February.</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>

12.6.5	<p>The Chief Operating Officer informed the Board that the Data Protection Act 2018 provided a comprehensive and modern framework for data protection in the UK and set new standards for protecting general data in accordance with the General Data Protection Regulation (GDPR).</p> <p>The right of access, commonly referred to as subject access, gave individuals the right to obtain a copy of their personal data as well as other supplementary information.</p> <p>Individuals had the right to obtain the following information:</p> <ul style="list-style-type: none"> • Confirmation that you were processing their personal data • A copy of their personal data • Other supplementary information – this largely corresponded to the information that you should provide in a privacy notice. <p>We were required to comply with a request without undue delay and at the latest within one month of receipt of the request or (if later) within one month of receipt of:</p> <ul style="list-style-type: none"> • Any information requested to confirm the requestor's identity • A fee (in certain circumstances).
12.6.6	<p>The Chief Operating Officer confirmed that Advance Northumberland had not received any subject access requests since December 2019.</p>
12.6.7	<p>The Chief Operating Officer informed the Board that the GDPR introduced a duty on all organisations to report certain types of personal data breach to the relevant supervisory authority. This must be done within 72 hours of becoming aware of the breach where feasible.</p>
12.6.8	<p>The Chief Operating Officer confirmed that Advance Northumberland had been the subject of one data breach since the last Board report.</p> <p>In April 21, we received a complaint from a commercial tenant that we had shared his personal data with a third party without his consent.</p> <p>An ICO self-assessment was completed, and it concluded that, although the incident was a breach, it was not reportable, and we were advised to keep an internal record.</p> <p>An email was sent to the tenant apologising about the data breach. Internal procedures would be reviewed.</p>
	<p>The Board:</p>
12.6.9	<ul style="list-style-type: none"> • NOTED the contents of the report.
12.7	<p>Advance Northumberland Shareholder Group Meeting Minutes</p>
12.7.1	<p>The Chief Operating Officer presented the paper stating that Advance Northumberland currently met with the Shareholder Group on a monthly basis.</p>

	<p>Though the Chairman sat on the Shareholder group as a standing member, and other Directors may be invited from time to time, there was no formal reporting of matters from the Shareholder group to the Board. It was therefore proposed that the minutes from the Shareholder Group meeting were presented to the following Board Meeting.</p> <p>The Chief Operating Officer reminded the Board that an Operating Agreement was signed by Northumberland County Council and Advance Northumberland Limited on the 6th March 2020.</p> <p>The need for a Shareholder Group Meeting was detailed in the Operating Agreement at 9.3 which stated; 'The Shareholder Group shall be made up of senior officers of the Council including the Chief Executive, s151 Officer and Monitoring Officer or their authorised representatives and at least one elected member of the Council (the elected member of the Shareholder Group shall not be a Director of the Company). The Managing Director of the Company or authorised representative and other senior officers of the Company shall attend the Shareholder Group in order to report to the Shareholder Group.'</p>
12.7.2	<p>The Chief Operating Officer stated that, whilst the Operating Agreement required that the Shareholder Group met quarterly, the Group had met on a monthly basis since its inauguration. The agenda was set, and the minutes were taken by NCC.</p>
12.7.3	<p>Maureen Taylor made a point around process, asking where the actions from the Shareholder Group dropped into the Board and vice versa.</p> <p>The Chief Operating Officer stated that the actions would be set out within the minutes and would be reported to the Shareholder Group not the Board. The Board would then get sighted through the minutes within the Board pack.</p>
	<p>The Board:</p>
12.7.4	<ul style="list-style-type: none"> • NOTED the contents of the report.
13.0	<p>Other Approvals</p> <p>The Chief Operating Officer posed a question to the Group Company Secretary, in terms of the new Articles of Association, that the following two matters for consideration came under a Board decision and were reserved matters under the new Articles and the new Articles request the Shareholder decision before any decision is made by the Board. Could the Group Company Secretary give some guidance on this?</p> <p>The Group Company Secretary gave his view that this would come under Article 7 whereby the Company could not execute any action until it had the Shareholder's consent. The fact that this had been raised as a requirement automatically meant that the Board had to do something about it.</p>

The Chief Operating Officer confirmed that the following two matters for consideration had been requested of the Shareholder.

The Group Company Secretary went on to state that, in order for anything to become a matter for consideration either the Board or the Company would have had to raise it in the first place. So the pragmatic application about how this would be understood was that the Board or the Company cannot execute whatever they wanted until it had Shareholder consent. But it had to have emanated from the Board or the Company in the first place in order for it to get to the Shareholder. So the Board, in his view, could make a recommendation subject to receiving the Shareholder consent. Or the Board request the Shareholder consent, receive it then pass the resolution. But, dependent upon the urgency of the matter and the need for it, his view would be that the Board would be entitled to make a decision subject to the Shareholder as that was not, in effect, a concluded decision until the Shareholder approval came into being.

The Chair commented that there were probably few occasions where this wouldn't be straightforward. It was effectively a double tick exercise. What the Group Company Secretary was saying was that the Board shouldn't take it as a direction from the Shareholder just because the Shareholder has approved it the Board should approve it as ultimately that would be shadow direction.

The Group Company Secretary stated that he thought there were two aspects involved. One was that if, in the course of events such as approvals have gone to the Board, then the Board had asked for Shareholder permission which would hopefully be in line with what the Board wanted and therefore subject to that decision and the approval was given. The Board would then have the authority under the Articles as a reserve matter to conclude this and proceed. What would be different was by requesting something to be done under Article 7 that was not a mandate from the Shareholder for the Board to do something. Should the Shareholder wish for the Board to do something specific that that was where the Shareholder did have the power under the Articles and general law to pass a special resolution to mandate the Board to do something. In terms of these and other approvals the procedure to follow through was that the flow was coming from the Board to request permission to do something in line with the reserved matters. The mandate from the Shareholder to do something else that the Board hadn't agreed upon was a different matter. Approving your request didn't mean the Board were fettered by that but exercising best judgement the Board want to hold it but if the position changed the Board may need to go back to the Shareholder. The Board did not have to execute what they had asked the Shareholder permission for.

The Group Company Secretary confirmed that if anything was a reserved matter, until it was executed, provided it had Board and Shareholder permission, then it

	<p>became a lawful matter. The actual sequence of the order was not essential for it to be a valid transaction but the best flow was that, presumably, the Shareholder would want to know that it was being recommended by the Board and it was the right course of action. Therefore, it was an approval rather than an opinion or comment.</p> <p>The Chair asked, in terms of the Operating Agreement, did the Group Company Secretary feel it was in alignment with the Articles of Association or was there some work to be done by both sides to redo that.</p> <p>The Group Company Secretary stated that, from a pragmatic approach, it had been mentioned before about reviewing the Articles of Association. The Articles did still work with the Operating Agreement but there may be areas where there was a question mark. The Operating Agreement was signed last year and it did need to be looked at along with the Articles so that together they recorded the best way of interacting between the Company and the Shareholder.</p> <p>The Chair requested that the Group Company Secretary undertake some work on that and bring a progress report back to a future Board meeting as he was wary that, from a Company perspective and constitutionally, there were two documents that may be at variance to one another.</p>										
<p>13.1</p>	<p>Arrears Write-Offs</p>										
<p>13.1.1</p>	<p>The Chief Finance Officer introduced the report, stating that in line with the year-end Statutory Accounts process, the Advance Northumberland team were required to undertake a review of tenant arrears.</p> <p>The purpose of this report was to provide an update to Board of the current outstanding tenant debtors and the proposed write-offs. This report also provided a review of the previous balances and provisions made for the forthcoming year.</p> <p>Throughout the year, all arrears had been vigorously pursued in line with the company's Debt Collection Policy. A copy of this could be found in APPENDIX 1.</p>										
<p>13.1.2</p>	<div style="background-color: black; height: 50px; width: 100%;"></div> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; height: 20px;"></td> <td style="width: 50%; height: 20px;"></td> </tr> <tr> <td style="height: 20px;"></td> <td style="height: 20px;"></td> </tr> <tr> <td style="height: 20px;"></td> <td style="height: 20px;"></td> </tr> <tr> <td style="height: 20px;"></td> <td style="height: 20px;"></td> </tr> <tr> <td style="height: 20px;"></td> <td style="height: 20px;"></td> </tr> </table>										

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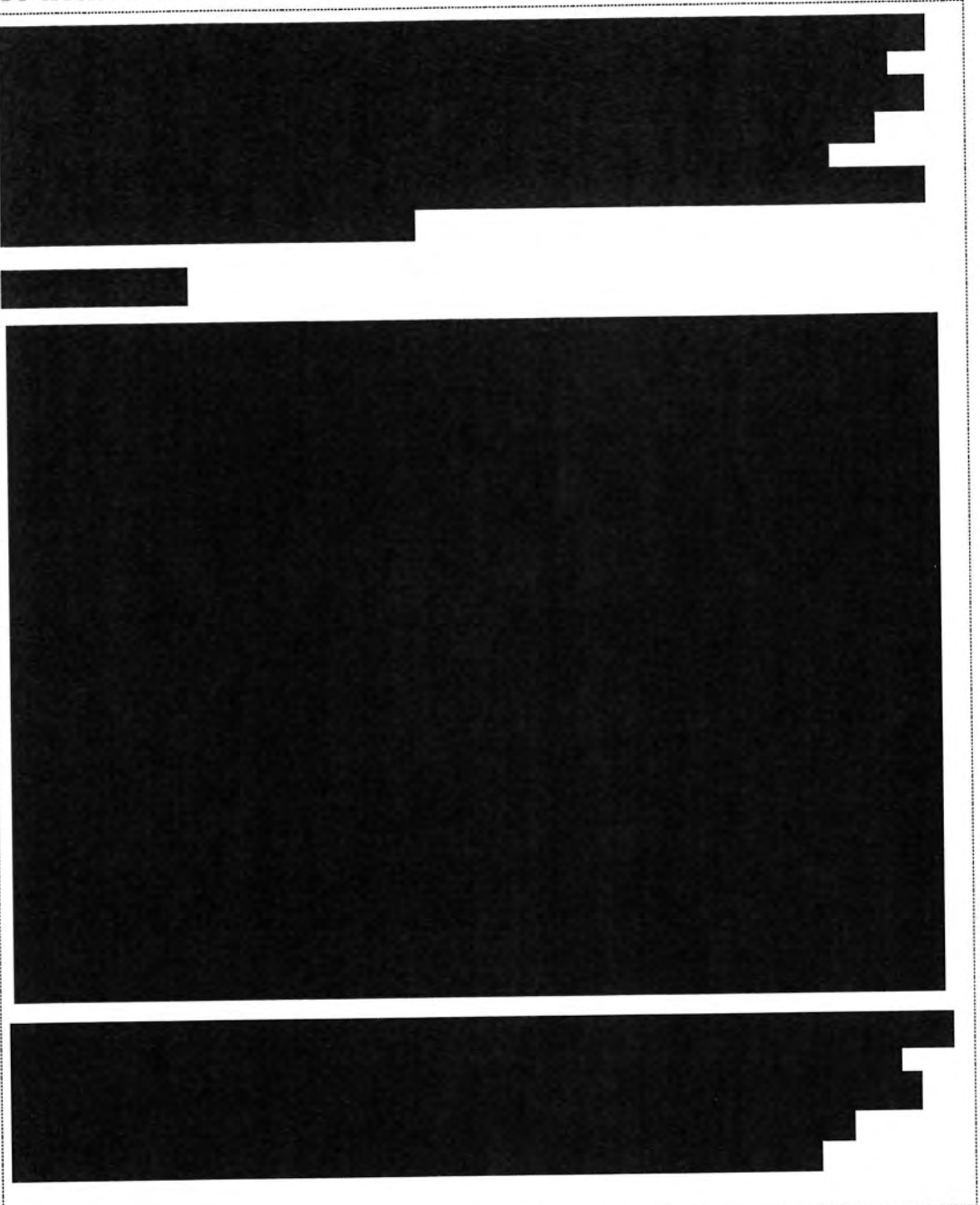

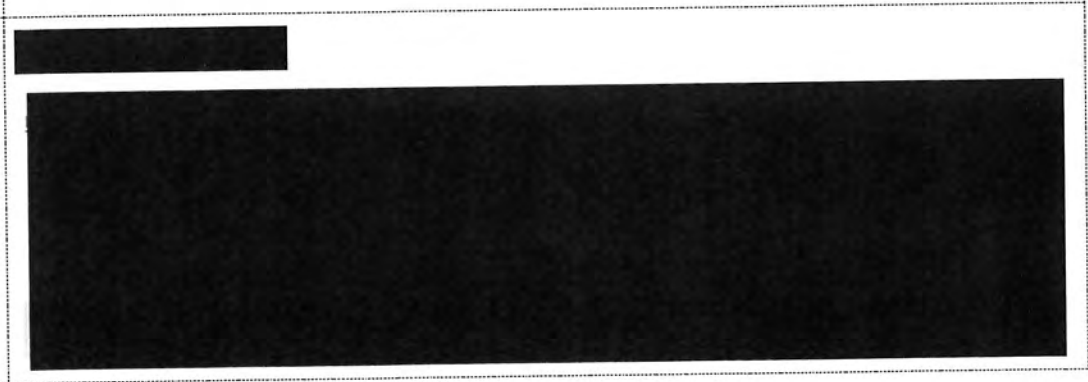
All of the above arrears marked for write off had followed the debt recovery stages, with the reason for the write-off summarised below:

[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
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This methodology had been used for a number of years and reviewed by external audit.

[Redacted]

[Redacted]

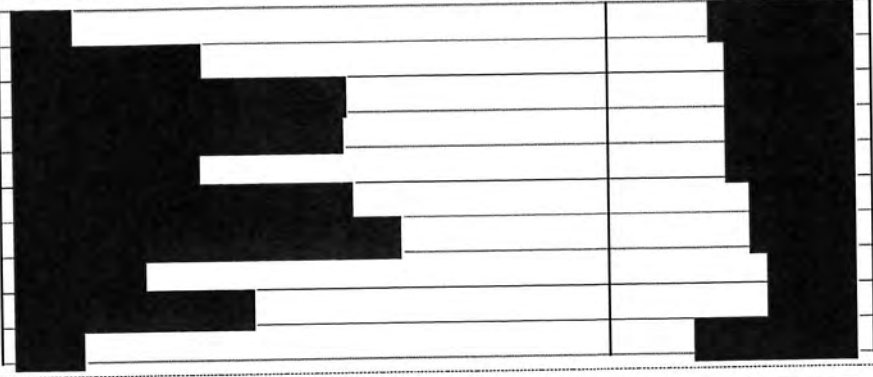






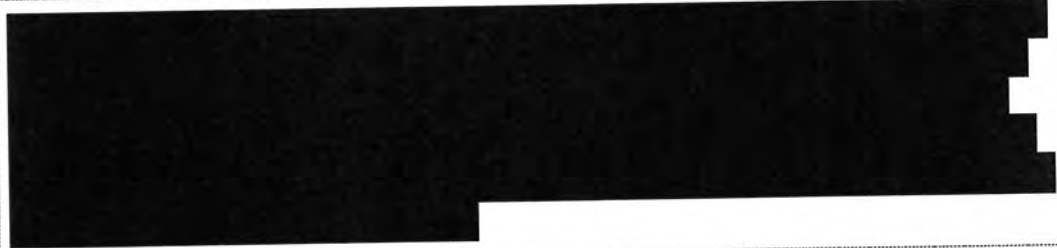

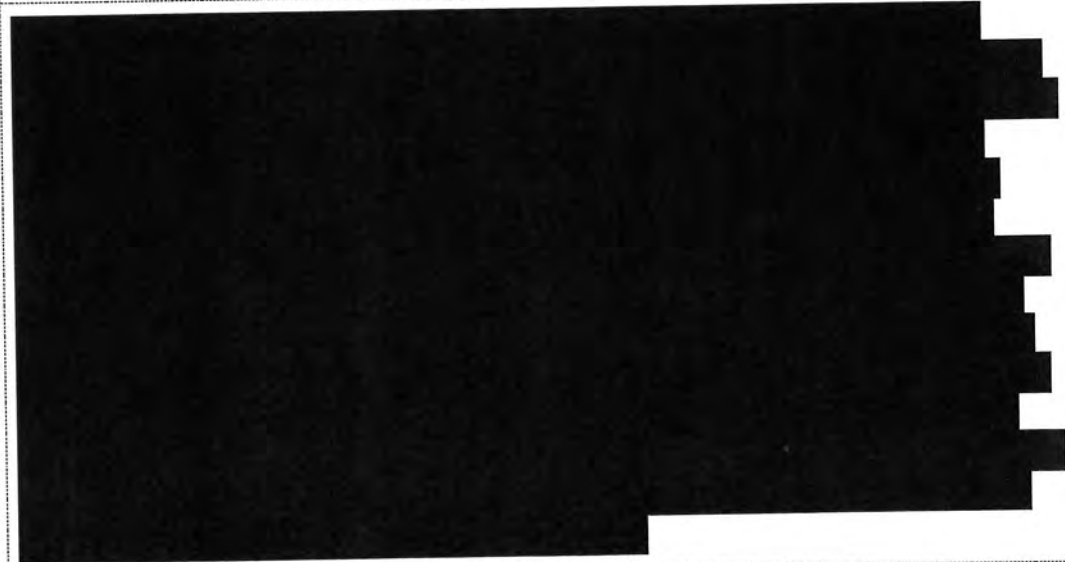
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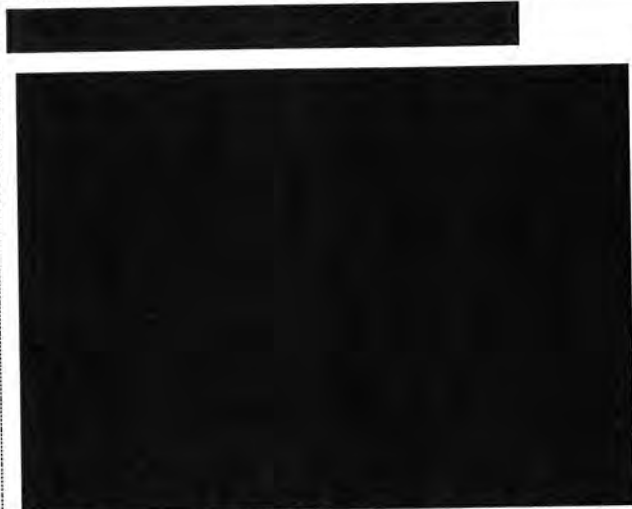





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	 <p>The Chief Finance Officer stated that we had used the same approach as the tenant arrears for the arrears figures provided  </p> <p>This methodology had been used for a number of years and reviewed by external audit - this methodology was still our best guess.</p>
13.1.12	<p>Maureen Taylor asked whether the Company felt that the debt recovery policy was working or whether we should be looking at how we could reduce the unpaid income.</p> <p>The Chief Finance Officer stated that the income recovery team had been bolstered and a credit controller had been appointed who was now managing the housing portfolio. The trends indicated that it had improved from previous years.</p>
13.1.13	  

	<p>[REDACTED]</p> <p>[REDACTED]</p>
	<p>The Board:</p>
<p>13.1.14</p>	<ul style="list-style-type: none"> • NOTED the contents of the report and appendices. • [REDACTED]
<p>13.2</p>	<p>Sale of Land at Walkergate</p>
<p>13.2.1</p>	<p>The Chief Operating Officer introduced the report reminding the Board that in December 2014, Arch (now Advance Northumberland) acquired the former Kwik Save supermarket and car park from the Homes and Communities Agency. The site was shown on the plan in Appendix 1.</p> <p>[REDACTED]</p> <p>Intervention proved successful and subsequently, the former Kwik Save site was acquired by Arch and a high quality, two storey 1,400sqm office building was constructed on Phase 1 of the site. This was now occupied by (GWA) with the residual of the former Kwik Save having remained vacant ever since and had been held in abeyance for future development to support the regeneration of the town centre.</p>
<p>13.2.2</p>	<p>The Chief Operating Officer stated that in 2020, Advance Northumberland were approached by NCC looking for a site for a supported living residential scheme. The former Kwik Save site, being in close proximity to local amenities and services, was considered the ideal location.</p>
<p>13.2.3</p>	<p>The Chief Operating Officer confirmed that, with Heads of Terms agreed in principle subject to Board approval, the recommendation was to sell the residual land to NCC [REDACTED] for the development of a residential facility that combined with the GWA offices, would deliver a mixed use scheme on the site and complete the development. It would also significantly improve the built environment within a key location of Berwick Town Centre.</p>

13.2.4	<p>The Chief Operating Officer confirmed that the purpose of this report was to seek Board approval for the sale of the land to NCC.</p>
13.2.5	<p>The Chief Operating Officer stated that Phase 2 was a 0.36 acre site located at the junction of Walkergate and Coxons Lane and sat adjacent to Berwick Workspace, Berwick upon Tweed as shown on the plan in Appendix 1.</p> <p>It currently consisted of an enclosed hardstanding area which was secured with hoarding around the perimeter and secure gates.</p> <p>There was a small area of land which would remain within Advance Northumberland ownership adjacent to the site opposite the internal private road.</p>
13.2.6	<p>The Chief Operating Officer confirmed that Heads of Terms were agreed with NCC to purchase the site to develop a care trust facility in the town centre to meet the needs of vulnerable adults who had a learning or physical disability and/or an enduring mental health condition.</p> <p>The flats would be designed for residents with physical restrictions who needed fully adjustable facilities along with staff facilities and adequate car parking.</p> <p>A copy of the HoT's were attached in Appendix 2. Initially the purchase by NCC was conditional on planning consent being obtained however following positive pre-planning enquiries and Cabinet approval in November 2020 NCC had now confirmed that the purchase would proceed on an unconditional basis.</p>
13.2.7	<p>The Chief Operating Officer confirmed that the site was currently hoarded and secure with no business rates or overheads payable.</p>
13.2.8	<p>The Chief Operating Officer stated that Advance Northumberland paid a premium for a long leasehold interest of the former Kwik Save from the Homes and Communities Agency (now Homes England) in 2014.</p> <p>The land forming phase 2 was valued by BNP Paribas as part of the asset valuations as of March 2020 [REDACTED]. Subsequently, an independent valuation commissioned by NCC and provided by GF White Associates had valued the site at [REDACTED]. As such, the site was being disposed of at market value. A copy of this report was attached in Appendix 3.</p>
13.2.9	<p>The Chief Operating Officer explained that the sale of the land would bring the remaining derelict site back into use and provide an important scheme in Berwick.</p> <p>The sale would also generate an estimated [REDACTED] to Advance Northumberland which was in excess of the existing book value and would enable the loan with NCC in respect of the GWA building to be reduced and would provide an annual saving to Advance Northumberland of [REDACTED]</p>

13.2.10	<p>The Chief Operating Officer confirmed that there were no procurement implications in Advance Northumberland treating directly with NCC. DWF Law had been appointed through NEPO Legal Framework.</p> <p>Subject to Board approval DWF would be instructed to progress with the disposal to NCC and prepare and negotiate the sale on behalf of Advance Northumberland.</p>
13.2.11	<p>The Chief Operating Officer confirmed that there were no state aid implications as the land was being sold on commercial terms at market value.</p>
13.2.12	<p>Maureen Taylor asked, for clarification purposes, whether the valuation was current.</p> <p> This was a specific valuation on this piece of land and it was as current as it could be.</p>
13.2.13	<p>J Reid asked what the Company was going to do with the proceeds of the sale.</p> <p></p>
13.2.14	<p>The Chair stated that it was his understanding that the Shareholder would approve the sale at the Shareholder Group meeting then it would be forwarded to the Board for their approval.</p> <p>J Reid reiterated that the Board had approved the sale but asked whether the Board had then to ask NCC whether Advance Northumberland was allowed to sell it to them, did that not mean that NCC were conflicted?</p> <p>The Group Company Secretary confirmed that the Board was entitled to approve the sale if they had considered it and it was being sold to NCC. Otherwise every single transaction with NCC that this Board does might be questionable. If you were happy the valuation was current and you were getting the right value, it just happened that the buyer was Advance Northumberland's owner.</p> <p>J Reid reiterated that the Board had agreed to the sale the land but now had to ask NCC whether the Company was allowed to sell it to them. Under the new Articles of Association every decision had to be approved by the Shareholder.</p> <p>The Company Secretary stated that it was not every decision, but if it was a Reserved Matter, which this one was, then yes.</p>

	<p>J Reid again questioned whether the person who had told us to sell the land was not conflicted.</p> <p>The Group Company Secretary answered no.</p> <p>The Chair stated that it was for NCC to resolve if they were concerned regarding any governance issues.</p> <p>The Group Company Secretary reiterated that he didn't see that there was a conflict in this instance, as long as the land was being sold at the right value and for a purpose. The Shareholder may not give the approval. It is their decision and reflects that the process had been gone through correctly and therefore the Board had followed the Articles of Association as required. I presume that if this is in the best interests of the Company and presumably in the best interest of NCC then it was the right thing for this transaction to take place.</p>
	<p>The Board:</p>
<p>13.2.15</p>	<ul style="list-style-type: none"> • NOTED the contents of the report and appendices. • APPROVED the sale of land known as phase 2 Walkergate, Berwick to Northumberland County Council [REDACTED]
<p>14.0</p>	<p>Any Other Business</p>
<p>14.1</p>	<p>The Chair introduced some correspondence which had previously been circulated to Board members in the form of a letter [REDACTED]</p> <p>The Group Company Secretary confirmed that he was also going to raise the matter of the correspondence.</p> <p>The Chair confirmed that the letter seemed to relate to things that had been discussed at the Shareholder Group meeting of the 19th May and felt it was appropriate for the Board to compose a response.</p> <p>The first point raised in the letter was the matter of [REDACTED] which had been discussed with NCC's Section 151 Officer.</p> <p>The Chief Operating Officer informed the Board that this was a consequence of the financing model which Arch was set up with and Advance Northumberland had inherited, [REDACTED]</p>

[REDACTED]

It was heavily caveated that this was an initial estimate and it was an extremely technical area. Our tax advisors had been engaged to undertake this piece of work on our behalf. This was an early warning to the Shareholder and the Board. First steps would be for the tax advisors to get a more accurate calculation and then discuss what steps we could take to avoid falling foul of these rules. Longer term solutions

[REDACTED]

[REDACTED]

The third point raised concerned the draft accounts and the net asset value that the company had.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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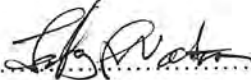
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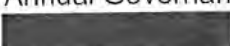

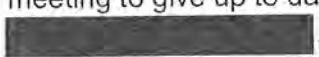
Following a question from the Chair the Chief Operating Officer confirmed that there had been no time when Advance Northumberland had acted unsafely in terms of onsite H&S and all required H&S support had been in place at all times.

[Redacted]

[Redacted]

	
14.2	<p>The NCC Chief Executive commented that, with regards to the letter, two Directors had indicated that they hadn't seen the letter so they couldn't partake in the discussions.</p> <p>The NCC Chief Executive went on to state that the other issue was the issue that the Group Company Secretary had raised and he was absolutely right. </p>   
14.3	<p>The NCC Chief Executive commented that the Chair was the Deputy Leader of NCC and the portfolio holder for Finance and that was really important because the Chair was responsible for the financing arrangements and loan agreements of NCC.</p> <p>The NCC Chief Executive gave advice that there were some potentially significant conflicts with some of the discussions today, particularly with regard to Finance. We had always been clear that the Cabinet member for Finance needs to be clear and this maybe hadn't been discussed with the Chair by the Leader.</p>

	The Chair replied that he would take some advice from the Leader and the Cabinet informally to see how this should be mitigated and would also be happy to receive advice from the NCC monitoring officer advice too.
14.4	The Chief Operating Officer stated that details needed to be finalised going forward with regards to the Managing Director replacement. There had been a number of resignations amongst Advance Northumberland in the past month with a lot of good people moving on. It would come as no surprise to the Board that a lot of the recent negative publicity in the papers and on social media had been cited by leavers and had impacted on recruitment. This was a risk area for us at the moment.
14.5	The Chairman thanked the Board for their attendance and closed the meeting at 16:45. CHAIRMAN

Summary of Actions	
Minutes of Previous Meeting: 26 th March 2021	<ul style="list-style-type: none"> ● REVIEWED & AGREED. ● Efficiency Strategy Update to a future Board meeting. ● 
Ratification of Virtual Decisions	<ul style="list-style-type: none"> ● APPROVED the ratification of the following original decisions; <ul style="list-style-type: none"> ○ Adjustment to Final Accounts (Mazars) ○ Annual Governance Statement ○ 
NEP1	<ul style="list-style-type: none"> ● 
FINANCE UPDATE	<ul style="list-style-type: none"> ● Provide a short report to the next Board meeting to give up to date position on .

	<ul style="list-style-type: none"> Commercial Debt Analysis – document to be marked to identify those debtors that are in a payment plan.
ANNUAL FINANCE UPDATE	<ul style="list-style-type: none"> Figures within draft accounts to be checked for consistency.
OTHER APPROVALS	<ul style="list-style-type: none"> Group Company Secretary undertake some work on the Operating Agreement and the Articles of Association to ensure alignment and bring a progress report back to the next Board meeting.
ARREARS WRITE OFF - APPROVAL	<ul style="list-style-type: none"> Approved by Board – to forward to the Shareholder for their Approval. CD to forward Write Off Policy to the Board. Legal/comment to be obtained regarding Data Protection – whether names of tenants should be included. To be brought to the next Board.
SALE OF LAND AT WALKERGATE - APPROVAL	<ul style="list-style-type: none"> Approved by Board – to forward to the Shareholder for their Approval.
AOB	<ul style="list-style-type: none"> H&S – SLA cost and the additional costs in from Carneys to be forwarded to the Board. RW to forward [REDACTED] to new Board Directors and meeting to be convened to discuss.

