

<b>Date/Time</b> 28 <sup>h</sup> September 2022 9:00am – 10:05am	<b>Venue</b> Boardroom, Advance Northumberland, Wansbeck Workspace, Ashington, NE63 8QZ
<b>In attendance:</b>	
<b>Directors:</b> Jeff Watson Jeff Reid Guy Renner-Thompson Kelly Gardner Rick O'Farrell Phil Hunter	Chair
<b>Advance Northumberland</b> Robin Earl Kim Grant	Chief Operating Officer Personal Assistant
Sarah McMillan William Thompson	NCC Assistant Service Director HR Group Company Secretary
<b>Apologies:</b> Jan Willis	NCC Executive Director of Finance (£151 Officer)
Steven Bridgett John Riddle Mary Murphy	

<b>1.0</b>	<b>Notice &amp; Quorum</b>
1.1	The Chair welcomed the attendees and declared the meeting quorate.
<b>2.0</b>	<b>Apologies for Absence</b>
2.1	The Chair reported that there had been apologies for absence from J Riddle, S Bridgett, M Murphy and J Willis.
<b>3.0</b>	<b>Declarations of Interest</b>
3.1	The Company Secretary stated that the Board's written declarations were recorded as a general notice.
	<b>CONFIDENTIAL ITEM</b>
<b>4.0</b>	<b>Report for Information – Review of Business Strategy</b>
4.1	<p>The Chief Operating Officer introduced Sarah McMillan and explained to the Board that a Business Strategy review was initiated by the Shareholder in October 2021 with the purpose of answering the question "What does the Council want out of Advance Northumberland".</p> <p>The purpose of the meeting today was to review the draft report to set the business strategy that had been prepared by Sarah McMillan</p>
4.2	S McMillan introduced the report and gave an update on the timing of the review, the purpose of the objectives and the guiding principles that had been developed.
4.3	<p>S McMillan stated that the context of the report from cabinet priorities, national and regional opportunities, the Caller Review and financial pressures.</p> <p>The Business Strategy Review purpose was to</p> <ul style="list-style-type: none"> <li>○ Maximise opportunities to drive economic growth and regeneration across Northumberland</li> <li>○ Ensure existing structures and focus were optimum to delivering this</li> </ul>
4.4	<p>S McMillan confirmed that the report proposed the following recommendations:</p> <ol style="list-style-type: none"> <li>1. Advance Northumberland would continue to offer benefits to the County as an effective mechanism to support the delivery of economic growth and jobs, regeneration and place shaping priorities of the Council.</li> <li>2. Would draw on the expertise of the house builder to drive commercial house building activity, including the provision of affordable homes, the proceeds from which would be re-invested in County Council priorities; explore the establishment of a Teckal compliant company which would become NCC's Housing Development Company to support the County's social housebuilding ambitions.</li> <li>3. Continue to deliver an effective and profitable wholly-owned commercially</li> </ol>

Working on behalf of



	<p>R O'Farrell stated that the Caller review was robust with regards to Local Authorities not putting into a Company things that they would normally do themselves. This was now informing the Council's opinion on what would be taken forward from the Caller review. In the main it was the same areas that Advance Northumberland had already been looking at, but it brought more focus on to some of those areas.</p>
4.7	<p>P Hunter asked whether that was akin to the difference between local authority function and local authority services.</p> <p>S McMillan stated that the Caller review was more robust but specific as well, the direction of travel was not counter to anything that was in the Caller review but it was more specific in terms of its application to the Company.</p>
4.8	<p>The Chair asked whether the Council would use Advance Northumberland to build affordable homes on their behalf.</p> <p>The Chief Operating Officer confirmed that it was something that was under negotiation with the Council whereby Advance Northumberland would [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
4.9	<p>With regards to the Asset Management Plan [REDACTED], R O'Farrell stated that NCC were not in a position to finance a large investment but perhaps this could be funded by some disposals [REDACTED] which would implement this and be a lower cost option.</p> <p>The Chief Operating Officer stated that this was not without risk and any investment [REDACTED] would need to be part of a comprehensive plan to invest [REDACTED].</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>
4.10	<p>S McMillan stated that the Developments &amp; Project Management Service would be provided through a Teckal arrangement as the Council would be a client of Advance Northumberland in order to receive that service to achieve their objectives.</p>

J Reid asked whether the Council would use the same Teckal company as the housebuilder.

The Group Company Secretary confirmed that that was still to be decided.

[REDACTED]

K Gardner commented that the labour market would be a concern and asked whether Advance Northumberland had the capacity to undertake all of the Council's projects.

The Chief Operating Officer confirmed that that would not be possible with the current team and the company would need to gear up accordingly. The biggest issue for the team would be knowing the pipeline of future work so that this could be resourced properly.

[REDACTED]

4.11

[REDACTED]

Following a discussion amongst the Board it was agreed that firmer recommendations would be brought back to Board once the outcome of the financial modelling piece of work was completed between the Council and Advance Northumberland in terms of the overall Advance Northumberland financial model.

4.12

[REDACTED]



The Chief Operating Officer stated that this option would present some operational difficulties.

The Chief Operating Officer went on to state that there would be funding issues around delivery of business support programmes [REDACTED]  
[REDACTED] was not the solution to the funding problem.

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

[REDACTED]  
[REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]

The Group Company Secretary clarified that this was one of the areas where it would cost £1m to deliver. [REDACTED]

[REDACTED]

[REDACTED] It needed to be clear about the benefits Advance Northumberland brought but this not well communicated.

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

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

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

[REDACTED]  
[REDACTED]

P Hunter and K Gardner commented that there needed to be a working together between Advance Northumberland and the Council.

S McMillan stated that external funding had proved easier to access by the Council rather than Advance Northumberland. It was not so much about [REDACTED] but the clarity of the function and the roles and governance.

P Hunter asked whether an inward investor looking to come to Northumberland would be confused by Option [REDACTED]

S McMillan commented that that was where the risk would need to be managed.

The Group Company Secretary commented that the proposal was trying to get the company, in the future, to make its decisions in line with guidance and the Shareholder was asked for consent after Board decision making. If something was so significant there was always the legal option for the Shareholder to instruct the company [REDACTED]  
[REDACTED]

J Reid commented that he did not believe that Councillors on the Board faced any conflict of interest because the Company was working for the same outcome for the Council.

The Group Company Secretary stated that the operation of company law got in the way. In company law you did have potential conflicts, but the Board's priority was to the Company not to the Council or to their electors. Directors' duties were to avoid conflicts of interest, but these are already declared in relation to Council roles.

J Reid commented that if Advance Northumberland's reason for existence was the promotion of Northumberland and the betterment of its residents then Advance Northumberland taking on a function [REDACTED] was the right thing to do.

K Gardner questioned whether that was being done at the expense of something else.

The Group Company Secretary commented that in the future the independent directors of the Board would have much greater prominence. A new structure would get the Company into a better position.



4.13	<p>With regards to recommendation no.10, the evolution of the Group and the resulting company structure not aligning to the individual business or functional units, the Chair questioned whether whatever the Board proposed would the Shareholder agree to.</p> <p>J Reid stated that the Shareholder function was not originally intended to control the company it was to advise whether the company could afford the project etc. J Reid went on to comment that he felt the Section151 Officer should hold the role of Shareholder Representative.</p> <p>The Group Company Secretary confirmed that Cabinet approval had been obtained for the role and remit of the Shareholder Representative.</p> <p>R O'Farrell stated that it was necessary to look at the choreography of the decision making and ensure that it was aligned with the Caller report. Three reports would be taken to NCC Cabinet on the 15<sup>th</sup> November 2022;</p> <ol style="list-style-type: none"> <li>1. A report on the general principle of why the Council needed to hold Companies.</li> <li>2. A report to recommend what to do with the Council's other two companies.</li> <li>3. A report to recommend what to do with Advance Northumberland.</li> </ol> <p>The clear recommendation would be that Advance Northumberland should continue. It met all the tests and the review taken to Cabinet would state that the Board were broadly supportive of the proposed way forward but there was further work required on the Advance Northumberland financial model and the [REDACTED] [REDACTED] were to be further explored.</p> <p>The Chief Operating Officer stated that the brief for the financial review work had been drafted and included consideration of the corporate structure and Teckal compliance. He had drafted the brief to be a joint appointment by the Shareholder with a duty of care to the Company.</p>
4.14	<p>R O'Farrell confirmed that the Business Strategy report should be kept confidential within the Board and NCC Cabinet at this point in time.</p>
4.15	<p>K Gardner commented that as the Business Strategy report had internal consequences was the company going to look at internal structures/business plan alongside the report.</p> <p>The Chief Operating Officer confirmed that part of the financial review work brief was to create a business and transition plan.</p>
<b>5.0</b>	<b>Recommendations</b>
	The Board:



5.1	<ul style="list-style-type: none"> <li>• Board recommended to support proposed strategic direction and emerging recommendations</li> <li>• Board task COO to work with Sarah McMillan to finalise the review and communicate broad direction with staff</li> <li>• Final recommendations to come back to Board for agreement</li> <li>• And subsequently to the Shareholder for approval where required</li> </ul>
6.0	<b>Any Other Business</b>
6.1	There were no items brought to the meeting.
6.2	<p>The Chair thanked the Board for their attendance and closed the meeting at 10:05.</p> <div data-bbox="434 779 836 981" style="background-color: black; width: 252px; height: 90px; margin: 10px 0;"></div> <p>..... CHAIR</p>