

Working on behalf of

<b>1.0</b>	<b>Notice &amp; Quorum</b>
1.1	The Chair welcomed the attendees and declared that the meeting was not quorate as the meeting required 1 member and 2 officer Directors.
<b>2.0</b>	<b>Apologies for Absence</b>
2.1	The Chair reported that there had been apologies for absence from R O'Farrell 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. However, due to the content of the report, the Group Company Secretary, J Reid, K Gardner and R Earl declared an interest as they were named in the report.
	<b>CONFIDENTIAL ITEM</b>
<b>4.0</b>	<b>Consultation &amp; Response to Proposed NCC Company Governance Framework</b>
4.1	<p>The Group Company Secretary introduced the report the purpose of which was to consider and respond to the proposed NCC Company Governance Framework in light of intended retirements.</p> <p>The Board discussed the report at length and the following points/actions were raised.</p>
4.2	<p>Following a question from the Chair the Group Company Secretary confirmed that the current position was that Board could recommend but could not appoint or remove members to the Board without Shareholder consent under the company's Articles of Association.</p> <p>M Murphy questioned the point of the Board and why the Shareholder had that degree of power.</p> <p>The Group Company Secretary stated that that was a key part to the whole exercise. From a company point of view, the Board had often been perceived as almost a rubber stamp for what the company was to do. The intention was to remove politics from the Board, particularly the NCC Administration (ie Cabinet) and then other Members other than as proposed within the report to have a single Member with direct links to the company and the Shareholder to reflect the reality that the company is owned by the Council.</p> <p>The Group Company Secretary went on to state that, if approved, in the future the Board would consist of 50% of non-executive directors independent of the Council</p>



	<p>who would bring in sector expertise and that was where the power of the Board would lie.</p> <p>There would be new Articles of Association once the final Business Strategy Review of Advance Northumberland was completed so it was clear what the Board's remit was, and Reserved Matters would likely be less onerous. The Shareholder would have a veto for those "Reserved Matters". The relationship between company and Council as Shareholder was never recorded in the Constitution of our Shareholder or the company. What is being asked for was a greater reflection of the arm's length nature of a company. Any private company or a company owned 100% by any one person or body would always have significant influence from the owner but the whole point of setting up a company was to allow the company greater autonomy. Whilst there was still further detail to attend to, the current position of The Advance Northumberland Business Strategy Review was approved by this Board and crucially Cabinet's view was that Advance Northumberland should still exist and was doing a good job. The Shareholder had agreed that the company should continue.</p> <p>This was the start of getting the governance in line to give greater autonomy to the company and its Board than exists at the moment, but to reflect reality hence the position of Chair being a Member and Vice Chair being an Officer to maintain the link to the Council. This would help strike a balance: autonomy, subject to some control but less control than was currently in the Articles of Association. Through this process the Articles would be amended and would be the final action point once the Business Strategy Review was concluded and a new Operating Agreement negotiated to enable a much greater degree of clarity of role and process from Council as owner to Council as funder, and Advance as a supplier of services to the buyer of services such as funding etc.</p>
4.3	<p>The Chief Operating Officer stated that the company had a very good working relationship with the officers in the Council charged with looking after the Shareholder interests but in recent history that relationship hadn't been so good. It was therefore important that these governance steps were correct so that it wasn't reliant on any one individual, but the process would take care of it.</p> <p>The Group Company Secretary stated that he felt this had been due to a lack of clarity around the rules and roles. There was now a Council level response to the Caller review on governance. The oversight group, which was / is known as the "Shareholder Assurance Group", would constitute a sub-committee of Cabinet which was a clear recommendation from Caller. It was likely to be called the "Cabinet Shareholder Committee" to reflect the key executive role of Cabinet. This body would exercise the functions of Shareholder and would be the body that would oversee the company. The next stage of governance work at the County level would be the County governance function to see whether that executive function (of Cabinet as exercising the functions of Shareholder) was scrutinised by a scrutiny committee or an audit committee, as Cabinet would be held to account on how they managed their executive functions in relation to this</p>

	<p>company. This would give continuity and visibility of accountability from above Cabinet and down to the company Board, but hopefully allow the company to focus on the mandate it's given which would be to address the County's priorities but with greater autonomy and freedom on how to do so.</p> <p>The Group Company Secretary confirmed that the proposal and the company governance structure was still in draft and was yet to be considered and approved by Cabinet. The document did address the Caller Review in a good way and of key importance was that there would be an annual review.</p>
4.4	<p>M Murphy stated that her biggest concern was that individuals were named within the model. Whilst she appreciated bringing a model forward for discussion and agreement, this paper named individuals who had had to declare an interest today and didn't understand why a model would be devised around individuals.</p> <p>M Murphy went on to state that she felt the model should be approved first followed by recruiting the most appropriate people for the roles that were described within that model to allow for an open and fair recruitment process.</p> <p>M Murphy commented that she saw this as a flawed model as Councillors on the Board could not possibly represent the interests of their residents appropriately when their first priority and loyalty was to the company. This stemmed from the reality of a local authority running a private company which created an unwieldy structure by which it tried to operate within the private sector but was restricted in various ways.</p>
4.5	<p>M Murphy asked how much the Board cost the Company at the moment and how much would it cost under the new model, as members of the public would be interested in that as the figures were quite considerably different.</p> <p>The Chair confirmed that the Board had previously (November 2021) discussed payments to non-executive directors and passed a motion on the remuneration, but this was not progressed at Shareholder level.</p> <p>The Group Company Secretary confirmed that the figure would be circa £60k plus add-ons for NI etc, across the qualifying Board members, so a ballpark figure of around £70k.</p> <p>M Murphy stated that zero to c£70k would be a difficult sell. The company had already had bad press, and this was going to be a tricky message to get across.</p> <p>M Murphy went on to state that, in terms of the political nature of the organisation, she didn't like the model of Councillors sitting on companies, as it felt unwieldy, and Councillors had to wear "too many hats". However, if a political organisation was going to run a company, then it was appropriate that there should be a political balance within the Board.</p>



	<p>The Group Company Secretary stated that the political check would in future be at Shareholder Cabinet Committee.</p> <p>The Group Company Secretary went on to state that one of the best recent improvements for the ongoing development of governance was the arrival of an Executive onto the Board as Executive Director which had never been the case before. This allowed a bridge between the company and the Board and provided an amalgamation of varying levels of control and comfort for the Board that was again reflected in this new proposed structure. The oversight was coming from Cabinet as the Shareholder, but the structure would allow the company to be freer than it was.</p>
4.6	<p>M Murphy asked where that left the representative who was Chair with respect to chairing other positions within the Council where decision making may intersect.</p> <p>The Group Company Secretary stated that under the proposed new governance structure, the Cabinet Shareholder Committee would not just be company officers reporting. It would be the Chair as well as a rotation of the other Directors so there is Director representation at those meetings led by the Chair or Vice Chair which meant an even greater role for the Chair than at present and would enable them to champion the company.</p>
4.7	<p>The Chair commented that it was his understanding that the Cabinet committee was going to fulfil the role of the Shareholder.</p> <p>The Group Company Secretary confirmed that company matters were functions of the Executive which was totally in line with the Caller recommendations and the Cabinet paper would be subject to review by Bevan Britain, the external governance specialists.</p> <p>There was general discussion, and the Board confirmed its agreement that there would be no Cabinet member on the future Board structure. There was agreement that although the Chair would be a Member and that they could not be a Cabinet Member, there was no prohibition on a Member from the Council's controlling party, ie the Administration, being the Chair, provided he or she satisfied the Job Description for the Chair, and was not a Cabinet Member.</p> <p>G Renner-Thompson stated that he would have preferred that the Board remained under political control however he accepted the recommendations of the Caller Review and also felt that Directors needed to be paid and was therefore fully in favour of the proposals. Directors need to be paid in order to compete with competitors.</p>

	<p>The Chief Operating Officer stated that it was his view that this was a great step forward, looking at the bigger picture of getting the right governance structures in place and would get the company heading in the right direction.</p> <p>K Gardner commented that the recommendations of the Caller Review had to be followed and felt it was right to have independent directors on the Board.</p> <p>J Riddle commented that he felt the company would go from strength to strength with independent directors on the Board.</p>
4.8	<p>As there was no quorum present, it was noted that the other way of making Board decisions was appropriate and so the Group Company Secretary agreed to circulate the Recommendations to Board members by way of a Written Resolution which could be approved once a majority of approvals was achieved. A deadline for responses was agreed for 12<sup>th</sup> December 2022.</p>
<b>5.0</b>	<b>Recommendations</b>
5.1	<ol style="list-style-type: none"> <li>1. To appoint Councillor Jeff Reid as Chair of Advance Northumberland Ltd recognising his satisfaction of the requirements of the Role Profile of Non-Executive Chair and Director attached as Appendix B</li> <li>2. To appoint Kelly Gardner as Vice Chair recognising their satisfaction of the requirements of the Role Profile of Non-Executive Director attached as Appendix C</li> <li>3. To immediately commence recruitment of four suitably qualified and experienced Independent Non-Executive Directors to the Board of Advance Northumberland and all subsidiaries, using the Role Profile attached as Appendix C, (the final appointment of whom shall be subject to further Reserved Matters consent)</li> <li>4. To appoint Two Executive Directors to the Board of Advance Northumberland and all subsidiaries, namely the current Chief Operating Officer Robin Earl and the Company Secretary William Thompson recognising their satisfaction of the requirements of the Role Profile of Executive Director attached as Appendix D</li> <li>5. Following the recruitment of each Independent Non-Executive Director, to remove or accept the resignation of the remaining Board Directors in a staged manner so as to achieve a period of handover during the interim period of transition so that after a period of three months from commencement of duties of the fourth Independent Non-Executive Director, the Board shall comprise: <ol style="list-style-type: none"> <li>a. 1 x Council Member as Chair</li> <li>b. 1 x Council Officer as Vice Chair</li> <li>c. 2 x Executive Directors</li> <li>d. 4 x Independent Non-Executive Directors</li> </ol> </li> </ol>



	6. This was a Reserved Matter requiring Shareholder Approval.
<b>6.0</b>	<b>Any Other Business</b>
6.1	<p>There were no matters brought to the meeting under Any Other Business, but the Chair wished to make comment as this was likely to be his final Board Meeting as he was stepping down as Interim Chair after 16 months. He said that it was not that he was eager to go, or that he was unhappy, but that as soon as he had read and heard Caller, he knew his position would have to change, and now that the governance was work well underway, now was the best time so as to allow the new Chair and Board to take the Company forward at the same time as the departure of Rick.</p> <p>The Chair expressed his tremendous enjoyment of being on the Board and was very proud that the company was doing great things for Northumberland. He expressed his thanks to the Board Members who had been a pleasure to work with and asked the COO if it would be acceptable to write to all the staff at Advance to thank them and say how much he has enjoyed working with them.</p> <p>The Board in return thanked the Chair for his commitment and excellent service and accepted his resignation as Interim Chair.</p>
6.2	<p>The Chair then thanked the Board for their attendance and closed the meeting at 17:00.</p> <p>..... CHAIR</p>

