
Date/Time

Friday 28th June 2019
13:00 – 16:05

Venue:

Advance Northumberland, Wansbeck
Workspace, Rotary Parkway, Ashington,
Northumberland, NE63 8QZ

In attendance:

Cllr Richard Wearmouth
Cllr Jeff Reid
Cllr Malcolm Robinson
Cllr Christine Dunbar
Cllr Susan Dungworth
John Woodman

Advance Northumberland Chairman
Leader of Liberal Democrat Group

Present:

Ken Dunbar
Colin Dickson

Advance Northumberland Managing Director
Advance Northumberland Chief Finance
Officer

Annabel Scholes

NCC Executive Director of Finance & Deputy
Chief Executive

Kim Grant (Minutes)

Advance Northumberland Personal Assistant

Part:

Pam Robertson
Julie Dodds

Advance Northumberland HR Manager
Advance Northumberland Head of Economic
Growth

Kelly Angus
Allison Mitchell

NCC Executive Director of HR & OD
NCC Chief Internal Auditor

Apologies:

Cllr Peter Jackson
Chris Sayers

Leader NCC
Chair of Board of Governors, Northumbria
University

Daljit Lally
Neil Bradley

NCC Chief Executive
NCC Finance Director/Arch Interim Finance
Director

1.0 Welcome and Introductions

1.1 The Chairman welcomed the attendees and declared the meeting quorate.

2.0 Apologies for Absence

2.1 The Chairman reported that there had been apologies for absence from Cllr Peter Jackson, Chris Sayers, Daljit Lally and Neil Bradley.

3.0 Declarations of Interest

3.1 There were no declarations of interest.

4.0 Minutes of Previous Meetings

4.1 The minutes of the previous meeting held on the 31st May 2019 were **REVIEWED** and **AGREED** as an accurate record of proceedings.

5.0 Matters Arising

5.1 There were no matters arising.

6.0 Ratification of Board Decisions Made Electronically

6.1 There were no electronic decisions to be ratified by Board.

The Executive Director of HR & OD and the Chief Internal Auditor joined the meeting for Items 7 & 8.

7.0 Matters arising from Audit Committee 27th June 2019

7.1 The Managing Director reported that the Internal Audit meeting had taken place on the 27 June and a number of matters were raised, which were being addressed by the Management Team. The Deputy Chief Executive of the Council representing the Shareholder expressed her concerns about some of the issues arising from the most recent Audit meeting and sought a formal response from the Board that appropriate action is being taken to address the issues raised and provide assurance to the Council

John Woodman, Chair of the Audit Committee noted that whilst there had been significant progress in a number of areas, there was still more to be done. John Woodman highlighted that there was a desire and concerted drive to change the culture of the organisation and that the approved restructure will provide capacity to continue to drive improvement and embed the necessary culture change. John advised that the operating agreement had yet to be completed and that it was a key document which will set out what the Council wants from Advance Northumberland, as its

wholly owned subsidiary.

The Chairman assured the Council's shareholder representative that he would be working with the Managing Director to address all points of concern.

8.0 Strategic Review of Arch

8.1 The Chief Internal Auditor presented the key issues emerging from the Strategic Review of Arch. These included;

- Two immediate and serious areas of concern:
 - Purchase of former Arch Chief Executive's home
 - Unduly generous benefits and remuneration package to a specific contractor
- Potentially criminal – referred to Northumbria Police immediately
- Other findings showed serious weaknesses and demonstrated need to improve fundamental governance processes
- The importance of culture within the Group of Companies.

8.2 The Managing Director provided the Board with a detailed update on the full list of recommendations in the Strategic Review report to NCC Audit Committee and progress was noted. In addition there were matters for the Council to address, specifically action taken in relation to;

- Former Chief Executive – Potential Overpayment
- Matters referred to Northumbria Police
- Empire Court, Whitley Bay
- Those items under "General Comments".

9.0 Health & Safety

9.1 The Managing Director presented the report which gave an update on current Health & Safety (H&S) issues and confirmed that there were no specific issues that needed to be highlighted from that report, with no Riddor reportable accidents or incidents.

9.2 The Managing Director reminded Board that an SLA was developed with Northumberland County Council and had recently been approved. Between the departure of Alex Bennett, who oversaw Health & Safety, and the appointment of Andrew Brooks, Advance Northumberland had continued to hold independent inspections on all high risk areas, namely construction sites.

9.3 The Managing Director confirmed that a recent site inspection report for the Ellington site, which was an unannounced visit, had demonstrated a rigorous approach to site safety.

9.4 Cllr Robinson enquired as to whether new contractors were required to sign H&S compliance documentation.

9.5 The Managing Director reminded Board that there was an ongoing revision of H&S policies for the Company. Five were appended to this report for Board consideration;

- Accidents, Incidents and Occupational Diseases
- Competence and Training
- Personal Protective Equipment
- Safety Management
- Violence at Work and Staff Protection

The Board:

- 9.3
- **NOTED** the contents of the report.
 - **APPROVED** the following policies subject to there being any comments received by Board members to the contrary within the next seven days;
 - Accidents, Incidents and Occupational Diseases
 - Competence and Training
 - Personal Protective Equipment
 - Safety Management
 - Violence at Work and Staff Protection

10.0 Human Resources

10.1 The HR Manager presented the report to update the Board on current HR activities.

10.2 The HR Manager stated that the current headcount within Advance Northumberland at 31st May 2019 was 121 and labour turnover for the period 2019/20 was 33.7% (8 voluntary leavers – annualised data).

10.3 The HR Manager confirmed that the sickness absence rate for the period ending 31st May 2019 was; short term 17 days, long term 143 days (of which 44 were attributable to accidents at work) which equated to 3.5%. The mean number of day's absence was 1.25 per person. There were 3 people who were classed as being on long term sickness due to accidents at work, all of whom were being managed with occupational health support.

10.4 The HR Manager stated that recruitment was ongoing with 9 live vacancies, 2 vacancies awaiting approval and 3 posts currently under offer.

10.5 The HR Manager confirmed that completion rates for mandatory training on the NCC portal were being monitored and at the end of May 2019 were 87%. This figure was lower than previous months as the anniversary date has been reached with two areas requiring annual renewal – GDPR and H&S. Response rates were being monitored and progress chased.

10.6 The HR Manager confirmed that Advance Northumberland was progressing with plans for Continuing Excellence as part of the Company's on-going

commitment to the Better Health at Work award. The assessment date had been confirmed as 7th August 2019. New health advocates had been appointed and these have an action plan of activities.

10.7 The HR Manager informed Board that Advance Northumberland's programme of management training sessions was ongoing with a focus on the following areas;

- Managing Investigations
- Managing Hearings
- Advance Northumberland HR Policies

10.8 The HR Manager stated that, in relation to other training activities, the focus had been on health and safety training, particularly within Ascent Homes and Estates, to ensure there was reduced risk to the business. Each person had a health and safety training needs analysis, which was role specific. Significant elements of this training had been delivered by the health and safety manager, however it was expected that the training would now need to be outsourced. A programme would be drawn up with the relevant manager on a priority basis. These areas would include;

- Asbestos Awareness refresher training
- Working at Heights
- Spill containment
- Pasma Mobile Tower usage
- Scaffold Awareness
- CSCS Cards

Seven people were currently undertaking career pathways, with a further one to progress. Three people have completed their career pathways.

One apprentice within the Group was currently studying Business Administration and one member of staff has been enrolled on an AAT Level 4 course.

10.9 The HR Manager informed Board that the staffing review within Ascent Homes had been completed which had resulted in three posts unfortunately being confirmed as redundant.

10.10 The HR Manager stated that confirmation was awaited of funding for the Business Northumberland Programme. Contracts for the team had been extended until June 2019 to give some continuity and security. [REDACTED]

10.11 The HR Manager confirmed that the Employee Forum had met on the 15th May 2019.

- 10.12 The HR Manager went on to confirm that the Staff Survey had closed on the 11th March 2019. Completion rates overall were 81.4%. A working group from across the business has been formed to look at the results and form an action plan to take forward issues raised. The areas being addressed were;
- Communications
 - Bullying and harassment from customers and colleagues
 - Recognition and saying thank you
 - Customer service
 - Work related stress
 - Performance reviews
- 10.13 The HR Manager stated that pension letters for those people who had opted out of Auto-enrolment (June 2015) had been issued with re-enrolment dates.
- Letters and FAQ had been sent to all eligible employees about a change in scheme to salary exchange which offered savings on NI.
- 10.14 The HR Manager informed Board that a flexitime scheme had been introduced, which included finger print technology for recording hours as well as an APP for offsite working. The scheme was subject to a review after three months.
- 10.15 The HR Manager confirmed that Advance Northumberland would be adopting NCC HR policies, as appropriate. Work was underway to align these to Advance Northumberland. Eighteen policies have been approved with a further 14 to review. The following policies had been submitted to Board for approval this month;
- Dignity at Work
 - Working Time
- 10.16 The HR Manager confirmed that additional HR software had been purchased which enabled the reporting of learning and development, on-line absence reporting / booking and recruitment. The holiday and absence portal went live on the 1st April, which meant a paperless system for absence requesting and reporting. All approved HR policies were available on this portal which ensured that the most current version was available to all staff. Performance review would also be uploaded onto this system.
- 10.17 The HR Manager confirmed that the performance management cycle was April to March. End of year reviews were due to be completed by the end of April. Completion rates currently were;
- End of Year Reviews – 44
 - Objective Setting – 39

As the way of reporting has changed to the online portal additional time has been given for Managers to complete this task.

The Board:

- 10.18 • **NOTED** the contents of the report.

11.0 Financial Update

11.1 The Chief Finance Officer presented the report and gave the Board an update of the current position and key risks;

[REDACTED]

[REDACTED]

The Board:

- 11.2
- **NOTED** the contents of the report.

12.0 Arrears Write-Offs

12.1 The Chief Finance Officer presented the report detailing the proposed arrears write-offs for 2018/19.

12.2 The Chief Finance Officer stated that both the Advance Northumberland Income Recovery Manager and Workman had worked hard to recover these debts but following various courses of action, including external debt recovery agencies (CDI and Elliott Davies), court action and bailiffs, had been unsuccessful.

12.3 The Chief Finance Officer confirmed that the amounts to be written off, with Board approval, [REDACTED]

- [REDACTED]

12.4 The Chief Finance Officer went on to confirm that the majority of Housing tenants that were requested to be written off had gone through all stages of collection within the arrears policy and were untraceable (£38k) with the remainder either deceased or bankrupt. The majority of Commercial tenants that were requested to be written off had gone into liquidation or CVA filed (£268k) with the remainder untraceable.

The Board:

- 12.5
- **APPROVED** the bad debt write-off [REDACTED]

13.0 Policies and Plans for Approval**13.1 Dignity at Work Policy**

13.1.1 The HR Manager introduced the Policy explaining that the aim of the Policy was to demonstrate the support and guidelines for managers in Advance Northumberland to help them understand their role in implementing the Dignity at Work policy and the significance it has in day to day managerial operations.

13.1.2 The HR Manager confirmed that Advance Northumberland had a positive approach through this policy to stress the intention to engender an open culture based upon mutual respect and sought to create a healthy work environment in which all individuals were given the dignity and respect to which they were entitled.

- 13.1.3 The HR Manager went on to confirm that the policy stated that bullying, harassment or unfair treatment of any kind was wholly unacceptable behaviour. It defined bullying and harassment and provides details of the mechanisms available to employees who have concerns to the way they were being treated. The policy was also the mechanism for dealing with conflict issues between employees.
- 13.1.3 The HR Manager confirmed that this policy was a replica of NCC's policy but contained more detail regarding the complaints process.
- 13.2 **Working Time Policy**
- 13.2.1 The HR Manager introduced the Policy explaining that the aim of the Policy was to set out the Company's approach towards compliance in relation to the UK Working Time Regulations (1998), with a view to providing a safe and healthy place of work for each employee.
- 13.2.2 The HR Manager confirmed that the policy identified the legal limits relating to weekly working time, rest periods and annual leave and highlighted the special arrangements required for the protection of employees who work through the night and also young people at work.

The Board :

- 13.3
- **APPROVED** the Dignity at Work Policy.
 - **APPROVED** the Working Time Policy with the proviso that references to NCC were removed.

13.4 **Draft Corporate Risk Register**

- 13.4.1 The Managing Director introduced the paper to provide the Audit Committee and Board with an update on the strategic risk register of Advance Northumberland, highlighting the changes made to the identification and the scoring of risk.
- 13.4.2 The Managing Director stated that, as part of the Company's continuing efforts to improve governance and have in place an effective system of internal control, the Advance Northumberland corporate risk register had been updated to reflect changing risk landscape. It was important that the company operated within an appropriate risk management framework enabling it to achieve its objectives, whilst identifying risk and mitigating actions which could negate or reduce any negative impacts where these were in the control of the company and NCC as sole shareholder.
- 13.4.3 The Managing Director confirmed that this paper updated the Audit Committee and the Board on the changes to the strategic risk register as a consequence of the developing Advance Northumberland strategy and

emerging Operating Agreement. Notably, it presented a change in the methodology used to quantify and assess strategic risk.

- 13.4.4 The Managing Director stated that, when agreed by Board, strategic risks were monitored and managed through performance clinics and SLT, and through adhoc interventions as necessary. SLT and Performance Clinics would monitor project and service delivery risks on a monthly basis. It was intended that the strategic risks be monitored on a quarterly basis both by SLT and Board ensuring a robust approach was adopted towards the identification, management and monitoring of the risks and providing the opportunity for appropriate oversight and challenge.
- 13.4.5 The Managing Director confirmed that the revised approach to managing risk in the company aligned more closely to the Council's risk management framework. It provided an opportunity to review the existing risk register, closing risks as appropriate and introducing new, emerging risks assessed under the new criteria and methodology.
- 13.4.6 The Managing Director stated that, prior to the development of the new risk register, the company developed a strategy which focussed on the transition period and this assisted greatly through a very disruptive period. The proposed approach was a development on the previous 5x5 box matrix but used a 6x4 box matrix with a more granular approach to identifying and mitigating risks.
- 13.4.7 The Managing Director went on to state that the new strategic risk register reflects the significant changes that have occurred since the strategic review of Arch and the creation of the new company, Advance Northumberland. The revised methodology identified categories that may have a direct impact upon achieving business goals and objectives, with the risk being measured against four levels of impact against six levels of likelihood. There were currently twenty five risks identified in the risk register as at April 2019. The increase from March 2017 was primarily due to the analysis of risk against the new corporate strategy.
- 13.4.8 The Managing Director confirmed that there were currently seven risks categorised as high (red) and 18 risks categorised as medium (amber). The high risks were as follows;
- Weaknesses in governance and decision making through lack of adequate control negatively impacting financial results/poor value for money. Overall positive regeneration objectives not being met.
 - Advance not seen as pivotal across all stages of regeneration and capital programmes / leads to missed opportunities and flawed investment /delivery strategies because lack of engagement from the start , role with regard to North of the Tyne/Borderlands needs

to be agreed beyond business advice and into implementation programmes.

- Removal or delay in Northumberland County Council Loan drawdown facility could result in Advance being disadvantaged in the Investment market place, or having to seek other sources of funding to achieve growth targets.
- Council review of loan interest rate policy may impact on financial viability of the company and its subsidiaries.
- The broader national economic position/ Brexit could negatively impact upon local economic performance and levels of investment activity particularly continental large investors. This could directly weaken Advance Northumberland's ability to let its properties, attract funding for development and also have a detrimental effect upon the Inward Investment activities of the group.
- Lack of appreciation of the timing and drivers on a front loaded land pipeline/planning for housing and a front loaded pipeline of projects forces unnecessary financial pressures onto the Group and impairs the company's ability to meet financial goals of the Board and the shareholder.

13.4.9 The Managing Director confirmed that all risks would continue to be managed by the risk owners, reviewed on a quarterly basis and reported to the SLT and Board as appropriate.

The Board:

13.4.10 • **NOTED** the contents of the report.

14.0 Projects for Approval

14.1 RBGS Business Case

14.1.1 The Head of Economic Growth introduced the paper which requested the approval for Advance Northumberland to deliver the business support element of the Rural Business Growth Service on behalf of Northumberland County Council as accountable body for the project. The project would be fully financed by the North of Tyne Combined Authority and the European Regional Development Fund. No financial contribution was needed from Advance Northumberland to deliver this project. However Advance Northumberland would be responsible and accountable for the delivery of £1,429,143 of financial resource and a number of outputs and KPI's under a project specific Service Level Agreement with Northumberland County Council.

- 14.1.2 The Head of Economic Growth confirmed that a need and opportunity had been identified to deliver grant aid to support growth in micro, small and medium enterprises in the rural areas of the North of Tyne Combined Authority (NoTCA,) by a number of partners and stakeholders.
- 14.1.3 The Head of Economic Growth stated that, in terms of need, the rural economy was dominated by micro and small enterprises experiencing a number of barriers to growth which included access to finance. Grant programmes that had been available to help overcome barriers and encourage growth were about to end, leaving limited access to finance for the rural SME community in the North East LEP area. The Rural Growth Network (RGN) had fully committed their Rural Business Growth Fund programme but retained a healthy pipeline of demand. The Rural Development Programme for England was also closed to applications with EAFRD now closed and the LEADER programme finishing in December 2019 with last commitments made in June 2019.
- 14.1.4 The Head of Economic Growth went on to state that it had also been identified, through previous grant programmes, there was a need for dedicated support services focussed on helping rural SME's become investor ready. In particular helping identify appropriate sources of funding, supporting the preparation of a robust and comprehensive business plan and developing the skills and technical information needed to prepare and submit successful applications for finance.
- 14.1.5 The Head of Economic Growth confirmed that, in terms of opportunity, the North of Tyne Combined Authority (NoTCA) had access to devolved funding to be used to support their ambitions; one of which was to support the rural economy and enable the North of Tyne to become a national rural scale up exemplar. The North East Local Enterprise Partnership European Structural and Investment Funds Strategy also indicated a commitment to supporting rural growth and had funding available for projects.
- 14.1.6 The Head of Economic Growth went on to confirm that, as a result Northumberland County Council, with support from Advance Northumberland, developed the North of Tyne Rural Business Growth Service which combined capital grant support for rural SME's and a dedicated support service focussed on preparing SME's to be investor ready. An application to request funding from the North of Tyne Combined Authority to support the project was successful and £1,045,417 was secured earlier this year.
- 14.1.7 The Head of Economic Growth went on to confirm that following a successful Outline Application for ERDF funding, Northumberland County Council, supported by Advance Northumberland, prepared and submitted a Full Application to the Ministry for Housing, Communities and Local Government (MHCLG) to secure match funding from ERDF, at a sum of

£3,845,417. The remaining match funding would be provided as a private sector contribution from the grant recipients at a value of £2,800,000, making the total project costs £7,690,834. In this business case it stipulated Advance Northumberland as a delivery partner, responsible for delivering the business support element of the programme. The application was submitted on 7th June 2019 and we await decision.

14.1.8 The Head of Economic Growth stated that the £7,690,834 project included the delivery of a £5.6m capital grant programme, delivered and managed by Northumberland County Council and a business support service delivered and managed by Advance Northumberland. Northumberland County Council would be the accountable body for the project overall and Advance Northumberland would be accountable for the delivery of the support service element through a Service Level Agreement.

14.1.9 The Head of Economic Growth confirmed that the Capital grant would be available to SME's who had accessed the business support element of the programme and could demonstrate the need for capital grant to create job outputs. Grants would be awarded by an appointed Rural Growth Board which would include representation across public, private and third sectors. SME's would provide 50% match funding to support total costs and would be able to receive 50% of costs via grant support. It was anticipated that an average grant of £45,000 would be awarded to 62 applicants, but amount of grant would be capped by individual state aid considerations.

14.1.10 The Head of Economic Growth went on to confirm that Economic Growth within Advance Northumberland would lead on the delivery of the business support element of the programme. This would involve supporting eligible SME's to develop a comprehensive and robust business plan in order for them to become investor ready. The information provided in the business plan could then be used to support the completion of an application for finance whether it be private finance, equity, or grant, or a mixture of provision. This would include ensuring healthy pipeline of applicants for the Rural Business Growth Service's (RBGS) capital grant programme but would also include referrals into alternative finance providers.

14.1.11 The Head of Economic Growth stated that the nature of business support provided by the programme would include:

- The provision of one to one support via dedicated Rural Enterprise Specialists; responsible for identifying the correct route to finance for that business, understanding the steps needed to secure the funding and supporting the completion of a comprehensive business plan.
- The provision of workshops aligned to business planning areas to provide 'one to many' support, networking and troubleshooting opportunities.
- The provision of a suite of technical specialists offering 'one to one' professional support on a number of areas including, cash flow forecasting, taxation, access to market, procurement advice, state aid.

- 14.1.12 The Head of Economic Growth stated that the project would run for a three year period and was due to start on 1st October 2019. The end date for support provision delivered by Advance would be 30th September 2022, with outputs attached to the capital grant programme continuing to be delivered until 30th September 2023.
- 14.1.13 The Head of Economic Growth went on to state that, in order to deliver the project, Advance Northumberland would need to recruit additional staff dedicated to the delivery of the RBGS. Employees would be recruited on a fixed term contract of three years in line with project delivery dates. The total value of staff costs over the course of the project would be £672,686.
- 14.1.14 The Head of Economic Growth confirmed that the staffing structure had been modelled on Business Northumberland due to resource levels and output delivery being similar. New posts connected to the project included:
- 1 x FTE NoTCA Rural Business Growth Service Manager, responsible delivering the programme successfully and effectively.
 - 3 x FTE Rural Enterprise Specialists, responsible for effectively account managing each business registered to the programme. They will ensure SME's are taken through a diagnostic, a relevant action plan is completed, support is delivered and outputs achieved.
 - 1 x FTE Rural Business Growth Service Support Officer, responsible for supporting the administration requirements of the programme, as well as supporting the delivery of events, marketing and promotion.
- 14.1.15 The Head of Economic Growth went on to confirm that the project also included 0.25 FTE of Head of Economic Growth who had line management responsibility for the Rural Business Growth Service Manager and overall responsibility for the project as part of the Economic Growth Service.
- 14.1.6 The Head of Economic Growth stated that the project would require the procurement of some key services in order to deliver the programme. Advance Northumberland would be responsible for procuring these contracts in line with ERDF rules and regulations and would directly enter into a contract with the service provider. This would be delivered with support from NCC procurement services in line with Advance Northumberland's SLA.
- 14.1.7 The Head of Economic Growth confirmed that Advance Northumberland would have a total budget of £1,429,143 allocated to them in order to deliver this project. Funding would ultimately be provided by North of Tyne Combined Authority and European Regional Development Fund for this budget.
- 14.1.8 The Head of Economic Growth stated that Advance Northumberland would be accountable for this funding through a project specific SLA with

Northumberland County Council. Funding for the project would be paid to Advance Northumberland via Northumberland County Council on defrayed expenditure. Advance Northumberland would be required to submit a quarterly invoice, detailing defrayed expenditure with supporting evidence, to NCC in order to receive payment.

14.1.9 The Head of Economic Growth went on to state that the project would be delivered within the Economic Growth team, and managed as such, as part of the wider Investments and Economic Growth Directorate. The projects performance would be reported and monitored through the existing Advance Northumberland Performance Clinic framework. The project would form part of the Economic Growth performance clinic and key metrics would be integrated into this reporting and performance management mechanism.

14.1.20 The Head of Economic Growth confirmed that a Service Level Agreement was being prepared between Advance Northumberland and Northumberland County Council detailing performance management and reporting arrangements, the detail of which were still to be developed. Fundamentally, it would ensure that Advance Northumberland was accountable for the business support element of the programme and responsible for delivering financial and KPI outputs related to that as a result. The SLA would fall in line with the overall Operating Agreement between NCC and Advance.

14.1.21 The Head of Economic Growth stated that a full risk register between Advance and Northumberland County Council had been collated. This would be managed as part of the Performance Clinic Framework.

The Board:

- 14.1.22
- **NOTED** the contents of the report.
 - **APPROVED** Advance Northumberland's role in the delivery of the Rural Business Growth Service on behalf of Northumberland County Council and the North of Tyne Combined Authority.
 - **APPROVED** the procurement of a £397,000 contract by Advance Northumberland to support the delivery of the project subject to confirmation of the funding.

14.2 RGN Extension

14.2.1 The Head of Economic Growth introduced the paper with the purpose of securing Board approval to extend the Rural Growth Network to include an additional £1m to support grant activity and a further year for delivery. No financial resource was needed from Advance Northumberland to achieve this, as the project was fully funded by the North East LEP through Local Growth Funding (LGF).

- 14.2.2 The Head of Economic Growth informed Board that the North East Rural Growth Network (RGN) was a well-established regional programme that provided capital grant support to businesses and other public and private organisations in the rural parts of Northumberland, Durham and Gateshead to help to grow the rural economy. Northumberland County Council was the applicant and accountable body for the programme funding and would undertake the financial management, appraisal monitoring and compliance functions. Advance Northumberland would undertake the front facing delivery of the programme. The programme had been operational since April 2015 and was due to be financially complete by March 2020.
- 14.2.3 The Head of Economic Growth stated that there were two grant schemes available from the programme – the Strategic Economic Infrastructure Fund (SEIF) and the Rural Business Growth Fund (RBGF).
- Strategic Economic Infrastructure Fund** had focussed on investment in the development of business infrastructure in key economic centres in rural areas, including the larger rural hub towns / market towns, industrial and commercial sites, and smaller rural towns and villages. The key aim had been to provide the infrastructure needed to enable businesses in rural areas to trade and grow, including premises for new micro enterprises, small firms needing move-on accommodation, and facilities for larger and growing businesses. This also included enabling infrastructure needed to unlock business sites and premises for follow on private sector investment.
- Rural Business Growth Fund** enabled businesses in rural areas to access direct capital investment to expand productive capacity or diversify into new markets or products. The types of activities and investments supported include improvements of business premises; expansion of business premises; purchase of capital plant and equipment and new tourism accommodation projects.
- Demand for both funds had been high, with closed calls typically generating grant requests totalling three times the size of the budget available
- 14.2.4 The Head of Economic Growth stated that the NELEP were pleased with the performance of the RGN Programme and had agreed that the over performance on some deliverables compensated for the underperformance on others. The programme was now fully financially committed and in addition there was a reserve pipeline of projects which could take additional grant if available.
- 14.2.5 The Head of Economic Growth confirmed that in May 2019 an informal request was made to the NELEP for an additional £1m of LGF to provide capital grant support to eligible SEIF projects and extend the programme delivery to April 2021. This was considered by the LEP Board at its meeting on 23rd May 2019, with a recommendation that a business case be

submitted for further consideration at the LEP Board meeting on 25th July 2019.

- 14.2.6 The Head of Economic Growth stated that the key benefits of the SEIF programme would be to:
- Address a gap in support for rural business growth
 - Improve economic infrastructure in rural economies to accommodate a greater critical mass of business activity
 - Stimulate private investment in the growth of rural SMEs
 - Boost overall economic growth measured by GVA in the rural areas.
- 14.2.7 The Head of Economic Growth confirmed that grants would be available to applicants with 'de-risked' projects for:-
- The creation of multiple units to accommodate a number of businesses – these can be enterprise hubs, premises for new micro enterprises, small firms needing move-on accommodation, facilities for larger and growing businesses
 - Investment in key strategic tourism assets.
- 14.2.7 The Head of Economic Growth went on to confirm that additional funds for SEIF would support 4 – 6 new projects, and were forecast to achieve the following deliverables which would be included in the LGF application:
- | | |
|-----------------------------------|---------|
| • FTE Jobs created | 32 |
| • Commercial Floorspace | 5720 m2 |
| • Area of site reclaimed/prepared | - 1ha |
| • Organisations receiving grant | 4 |

Match funding would be secured from private and public investors who would contribute at least 60% of the total eligible project costs. Projects would be expected to have all match funding in place by the submission of a Stage 2 application. Forecast match funding for the additional £1m LGF was forecast as:

- Private Sector Match £ 1,000,000
- Public Sector Match £ 500,000

- 14.2.8 The Head of Economic Growth stated that the RGN programme had an agreed management and administration budget of £653,000 to support the Advance Northumberland delivery and accountable body functions of the programme from April 2015 to March 2020. This was funded by £473,000 LGF and £180,000 RGN Pilot funds which had been carried forward from a previous rural programme. Having considered the remaining forecast spend for the period to April 2021, the remaining budget of £250,672 was sufficient to cover programme management and operation costs moving forward. Advance would receive no additional resource to support future

delivery arrangements linked to the extension, as operational costs would be financed via re-profiling of existing budgets.

14.2.9 The Head of Economic Growth confirmed that the project would continue to be delivered within the Economic Growth team, and managed as such, as part of the wider Investments and Economic Growth Directorate. The projects performance would continue to be reported and monitored through the Advance Performance Clinic framework, as part of the Economic Growth performance clinic. A Service Level Agreement exists between Advance Northumberland and Northumberland County Council detailing performance management and reporting arrangements. The SLA would be amended to include the extension and would fall in line with the overall Operating Agreement between NCC and Advance.

14.2.10 The Head of Economic Growth went on to confirm that, subject to NCC approval, the LGF application would be submitted with the Council continuing to act as applicant and accountable body by the due date of **21st June 2019**. The addendum to the existing LGF funding agreement was not expected to be received before August 2019, which was the point at which the Council formally signed up to the extension of the project and associated terms and conditions. Therefore in the intervening period, NCC Cabinet approval would be sought at the meeting on 6th August to enter into the addendum to the LGF funding agreement.

The Board:

- 14.2.11
- **NOTED** the contents of the report.
 - **APPROVED** Advance Northumberland's role in the delivery of the Rural Growth Network extension.

To support the submission an application from Northumberland County Council for an additional £1m Local Growth Funding for grant delivery and to enable the Rural Growth Network programme to be extended from March 2020 to April 2021.

15.0 Company Performance Monthly Summary

15.1 The Managing Director presented the report which gave a summary performance detailing highlights and lowlights to enable Board to have oversight over a range of projects and KPIs.

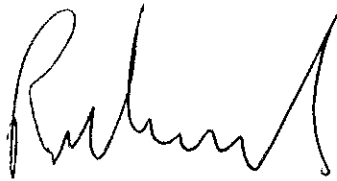
15.2 The Managing Director stated that at a previous meeting of the Board it was agreed to re-establish the quarterly monitoring report, which provided the Board with a detailed report on a range of corporate and service delivery indicators. The report provided a general update on key projects.

15.3 The Managing Director confirmed that this performance summary provided a summary of the monthly performance clinics enabling the Board to get a broad overview of company performance, including highlights, lowlights,

risks & issues and mitigating actions. This will provide Board with useful oversight and an opportunity to ask for more detailed reports as they may consider necessary.

The Board:

- 15.6 • **NOTED** the contents of the report.
- 16.0 **AOB**
- 16.1 The Managing Director informed Board that there was a need to augment the Audit Committee now that there had been an increase in Directors. Susan Dungworth and Malcolm Robinson were proposed as Members, which was unanimously agreed by the Board.
- 16.2 The Managing Director advised that it was likely that Board would be asked to give virtual approval for invoices associated with the remediation work on Northumberland Energy Park, East Sleekburn. In relation to meeting future payments NCC's Executive Director of Finance advised that she would be pressing the LEP to secure the agreement to the proposed tripartite agreement between NCC/LEP/Advance Northumberland.
- 16.3 The Managing Director advised Board that there were issues in relation to ACFC with Northumbria Water. Advance Northumberland were assisting them with achieving a solution.
- 16.4 The Chairman thanked the Board for their attendance and closed the meeting at 16:05.



.....CHAIRMAN

