
Date/Time

Friday 1st February 2019
13:00 – 16:55

Venue:

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

In attendance:

Cllr Richard Wearmouth
Peter Jackson
Cllr Wayne Daley
Cllr Jeff Reid
Chris Sayers
John Woodman

Arch Chair
Leader NCC
Deputy Leader NCC
Leader of Liberal Democrat Group
Chair of Board of Governors, Northumbria
University

Present:

Ken Dunbar
Colin Dickson

Advance Northumberland Managing Director
Advance Northumberland Interim Chief
Finance Officer

Allison Elsdon
Kim Grant (Minutes)

Advance Personal Assistant

Part:

Michael Black
Pam Robertson

Advance Interim Director of Investments
Advance HR Manager

Apologies:

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 Daljit Lally and Neil Bradley.

3.0 Declarations of Interest

3.1 Chris Sayers declared an interest with regards to a member of his family purchasing a home from Ascent Homes.

4.0 Minutes of Previous Meetings

4.1 The minutes of the previous meeting held on the 30th November 2018 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 Decision Made Electronically

6.1 The Board ratified their previous decision to **APPROVE** the following;

- Land for Development at Wooler.

7.0 Transition to Advance Northumberland

7.1 The Managing Director introduced the report with the purpose of updating the Board on the concluding stages of the transition from Arch to Advance Northumberland.

7.2 The Managing Director reminded Board that the transition from Arch to Advance Northumberland was concluded at the meeting in November 2018, where all statutory resolutions and declarations were agreed by the Board and filings made to Companies House.

7.3 The Managing Director updated the Board by confirming that a meeting had taken place with both financial and legal advisors on the 8th January 2019 to discuss the remaining aspects of the transition, notably the liquidation of Arch Corporate Holdings and how to progress with the establishment of SPVs.

7.4 [REDACTED]

7.5 [REDACTED]

7.6 [REDACTED]

7.7 The Managing Director confirmed that the Operating Agreement would be presented at a future Board meeting for approval before the agreement would be signed off by the Council's Cabinet.

7.8 The Managing Director stated that there were no current outstanding staffing matters but asked the Board to be aware that there was a need for organisational change following his recent appointment.

7.9 The Managing Director confirmed that the Company rebranding was implemented successfully, with appropriate PR. A comprehensive communications plan was being implemented which would include a proactive approach to promoting key projects and programmes which Advance Northumberland was delivering in partnership with the Council and other partners.

7.10 The Managing Director confirmed that Advance Northumberland transferred its contract for IT support services from Aspire to NCC on vesting day for the new company. Whilst there were some teething issues, the NCC IT team had worked closely with the Advance Northumberland Team to ensure that the transfer was as smooth as possible. Initially it was

not envisaged that Advance Northumberland would be using the Council's google platform for email, but this was not possible. As a result, there were initial familiarisation and productivity issues as the new system was installed. These have settled down, though it was still expected to return to Microsoft outlook (or similar) at an appropriate future date.

7.11 The Managing Director reminded Board that a role profile was developed for new Directors and a search process was initiated for new Directors and the Independent member of the Audit Committee. A number of candidates would be brought to the Board with an agreed process and timetable for selection/appointment.

7.12 The Managing Director confirmed that there were no changes to the agreed budget for the transition process to report at this stage.

7.13 The Managing Director shared with Board the draft short list for additional independent Board Director candidates. The Board agreed that the Managing Director should undertake informal conversations in the first instance then bring back a revised short list to a future Board meeting. Cllr Jackson reminded Board that further Councillor appointments were still to be made.

7.14 Following a conversation amongst Board regarding possible remuneration for Board members the Managing Director was instructed to take advice and bring back to a future Board.

The Board:

- 7.15
- **NOTED** the contents of the report;
 - **APPROVED** that Arch Corporate Holdings become a dormant company for the medium term with a view to liquidation in future years.
 - **APPROVED** the strike off of Arch (DigEco) Limited.



- **APPROVED** the shortlist for additional independent Directors and instructed the MD to arrange meetings with the shortlisted candidates.

8.0 Health & Safety

8.1 The Managing Director gave an update on current Health & Safety (H&S) issues.

- 8.2 The Managing Director confirmed that previous company personnel H&S Committee/Group arrangements had now been revived and reconstituted. Frontline staff from across the Company were now represented on the H&S Consultative Group which met in early December 2018 (and would continue to meet on a quarterly basis), which was also attended by the H&S advisor and the Managing Director. A group of operational/middle managers would also meet on a quarterly basis from February 2019 to consider H&S issues to complement the H&S Consultative Group, team H&S meetings (i.e. Construction), Senior Leadership Team and Board reporting processes.
- 8.3 The Managing Director stated that one of his first responsibilities in his new role was to join the Development Director and Head of Construction on unannounced safety visits to all Ascent managed development sites. There were no significant issues to report, however, it presented an opportunity to raise the profile of Health and Safety and bring about minor improvements on site.
- 8.4 The Managing Director informed the Board that the H&S Manager had resigned from the Company in early December 2018 following a period of time out of the workplace. The existing interim arrangements, under an extended Service Level Agreement (SLA) utilising H&S advisor support from Northumberland County Council (NCC), had continued and have effectively dealt with ongoing issues i.e. site audits, policy development and RIDDOR incident reporting.
- 8.5 The Managing Director confirmed that it was intended that the previous H&S safety manager role that was now vacant would be filled with a dedicated H&S advisor employed by NCC H&S team on secondment to Advance Northumberland on a full-time basis. Advance Northumberland managers would be fully involved in recruitment and management of the proposed arrangements going forward. The arrangements would be delivered under the existing SLA with appropriate amendment in order to deliver;
- An experienced, qualified H&S advisor to support the company
 - Line management and H&S quality assurance from the NCC H&S team
 - VFM and resilience in H&S service delivery would be assured.
- 8.6 The Managing Director brought the Board attention to the following Issues highlighted in the dashboard reports for November/December 2018;
- Ongoing work programme in homes/residential to complete required electrical testing certification,
 - Ongoing work programme in homes/residential to complete required gas CP12 testing certification, with key emphasis on occupied dwellings.

- Ongoing work programme in commercial property to complete asbestos surveys.

8.7 The Managing Director reminded the Board that they were previously informed of two RIDDOR reportable accident incidents that occurred on a site operated by a third party (Surgo). The Advance Northumberland member of staff that was injured in one of these incidents had returned to work and their recovery was progressing well. Advance Northumberland managers would meet with the third party to emphasise concerns over how/why the incidents occurred (particularly site inductions to highlight risks and safety) and how they were reported to the HSE.

8.8 The Managing Director stated that a further two RIDDOR reportable accident incidents had occurred in November/December 2018 at the Ellington construction site, operated by Advance Northumberland. Both had been fully investigated and involved Advance personnel sustaining injury following a slip/trip incident and a manual handling incident.

The Board:

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

9.0 Human Resources

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

9.2 The HR Manager stated that the current headcount within Advance Northumberland at 31st December 2018 was 129 and labour turnover for the period ending December 2018 was 14% (17 leavers). The figures reflected a slight increase in labour turnover.

9.3 The HR Manager confirmed that the sickness absence rate for period ending December 2018 was 648.5 days absence which equated to 6 days per person. The figures reflected a significant increase in sickness absence with four long term sickness impacting upon the numbers, all of which were being managed by occupational health support (three due to accidents at work and one due to recurring ill health).

9.4 The Managing Director stated that recruitment was ongoing with 2 live vacancies, 2 vacancies awaiting approval and 5 posts currently under offer.

9.5 Cllr Peter Jackson stated that he would be keen for Advance Northumberland to embrace apprenticeship schemes aimed at career progression for existing staff.

- 9.6 The Managing Director confirmed that completion rates for mandatory training on the NCC portal were being monitored and at the end of October 2018 were 96%. All new employees would complete the mandatory training during the first month of employment.
- 9.7 The Managing Director confirmed that Advance Northumberland is 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 deferred to July 2019. New health advocates had been appointed and these have an action plan of activities. A health needs assessment would be carried out in the first two months of 2019.
- 9.8 The HR Manager confirmed that a programme of training identified through performance management mid-year reviews would be drawn up when all reviews were completed.
- 9.9 The HR Manager went on to confirm that training needs analysis had been completed for all areas of the business. This would build on the health and safety training needs which were already in place and monitored by department heads.
- 9.10 The HR Manager stated that a review and planning meeting had been held with Advance Northumberland's pensions' advisors. The pension scheme was working well, with low cost and good return on investments. The following areas were being worked on;
- Ensuring compliance with auto enrolment requirements
 - Transition to salary exchange scheme
 - Introduction of pension surgeries to ensure all staff understood the importance of good retirement planning
 - Auto-enrolment / 3-year review
 - Potential change to scheme to introduce employee contributions
 - Removing the option of staff continuing with separate pension arrangements
 - Updating the trust deed for the life assurance scheme in line with the new company – this was now completed.
- 9.11 The HR Manager informed Board that a flexitime scheme had been developed and would be discussed with the employee forum following agreement with SLT.
- 9.12 The HR Manager confirmed that Advance Northumberland would be adopting NCC HR policies, as appropriate. Work was underway to align these to Advance Northumberland. The following policies would be considered by the Board on this agenda;
- Agency Workers
 - Agile Working Policy
 - Alcohol and Substance Misuse Policy
 - Carers in Work Policy

- Performance Management Policy

9.13 The HR Manager stated that Advance Northumberland was working with NCC on the introduction of job evaluation. There was some background work to do in relation to job descriptions and pay bands before the job evaluation process and panel could be confirmed.

The Board:

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

10.0 Financial Update

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

Company (Advance Northumberland)

Full year forecast position had been brought back down to budget level due to the reduction in expenditure across the Business Northumberland and Rural Growth Network

Group (Consolidated)

- Advance Northumberland (Group) – the full year forecast position had changed significantly from the previous month which was mainly due to the disposals within the Estates portfolio.

Key Risks

- The Commercial disposals were expected to bring in substantial profits in the year, however there was a risk that the year on year profit was minimised. This would continue to be monitored to ensure profit levels were maintained.

The Board:

- 10.2
- **NOTED** the contents of the report.

11.0 Policies and Plans for Approval

11.1 Agency Workers

11.1.1 The HR Manager introduced the policy, explaining that the Company recognised that there would be occasions when there was a need to engage agency workers to ensure the smooth delivery of services and to provide an element of flexibility within the workforce during peaks of work.

11.1.2 The HR Manager further explained that the policy would provide a framework within which agency workers could be used safely and effectively, and would provide managers with guidance on when it was appropriate to utilise agency workers, reduce liability and cost to the company.

11.1.3 The HR Manager stated that the policy sets out the circumstances in which it was appropriate to use agency workers, the arrangements for the booking of agency staff, pre-employment checks, how they would be paid and their induction in to the organisation. The policy aimed to ensure that a safe and effective process was in place to ensure that agency workers possessed the correct knowledge and skills for the role they were employed to undertake.

11.1.4 The HR Manager confirmed that this policy was aligned to NCC's Agency Workers policy.

11.2 Agile Working

11.2.1 The HR Manager introduced the policy explaining that the aim of the policy was to provide a framework for effective working practices based on work as an activity rather than at a place. This would be achieved by empowering employees to work where, when and how they chose (subject to business needs and managerial approval) to maximise their productivity and thereby deliver the greatest value to the Company).

11.2.2 The HR manager stated that the policy sets out an overall framework for agile working, to enable the workforce to carry out duties in a more efficient and effective way.

- 11.2.3 The HR Manager confirmed that the policy was aligned to NCC's Agile Working policy.
- 11.3 **Alcohol & Substance Misuse**
- 11.3.1 The HR Manager introduced the policy explaining that the aim of the policy was to provide guidance to managers and staff on the Company's policy and procedure for the management of alcohol and substance misuse amongst all staff including contractors on site.
- 11.3.2 The HR Manager confirmed that the Company had a general duty under the Health & Safety at Work Act 1974 to ensure, as far as is reasonably practicable the health, safety and welfare of all employees.
- 11.3.3 The HR Manager confirmed that the policy was aligned directly with NCC's Alcohol & Substance misuse policy and would consist of Cause for Concern testing rather than Random testing.
- 11.3.4 Following a discussion, the Board felt that, due to the nature of the construction side of the Advance Northumberland business, they would be more comfortable with Random testing rather than Cause for Concern testing.
- 11.4 **Carers in Work**
- 11.4.1 The HR Manager introduced the policy explaining that the aim of the policy was to assist the Company in supporting employees who had personal caring responsibilities, to ensure that they were able to perform their job to the best of their abilities whilst being supported and assisted to balance their day to day job role with their caring responsibilities where possible.
- 11.4.2 The HR Manager confirmed that the policy provided an explanation of what was meant by personal caring responsibilities for the purpose of the policy and directed employees and managers to appropriate support available and facilities which could be accessed from the County Council and other agencies. It also made reference to the main legislation and other Company policies that may be applicable in respect of the treatment of personal carers.
- 11.5 **Employee Performance Management**
- 11.5.1 The HR Manager introduced the policy explaining that the purpose of the policy was to set out and describe the main processes and interventions that should be followed to support effective employee performance. Many of those processes may be initially led by managers however all employees had a responsibility for the management of their own performance and that of their immediate and wider team.

- 11.5.2 The HR Manager confirmed that the aim of the policy was to help and encourage all employees to achieve and maintain effective work standards and to resolve situations which related specifically to the lack of capability, knowledge or competence by identifying and providing the necessary development, guidance and support.

The Board:

- 11.1.5
- **APPROVED** the Agency Workers policy.
 - **APPROVED** the Agile Working policy.
 - **APPROVED** the Alcohol and Substance Misuse policy with the proviso that the intention to undertake "Cause for Concern" testing rather than "Random" testing be revisited.
 - **APPROVED** the Carers in Work policy.
 - **APPROVED** the Employee Performance Management policy.

12.0 Approvals

12.1 Power of Attorney

- 12.1.1 The Interim Chief Finance Officer introduced the paper to appoint the Managing Director as a signatory for Power of Attorney for Advance Northumberland Ltd.

The Board:

- 12.1.2
- **APPROVED** the appointment of the Managing Director as a Power of Attorney for Advance Northumberland Ltd.
 - **APPROVED** the removal of the former Interim Chief Executive from holding Power of Attorney status and **AGREED** that the NCC Finance Director/Advance Northumberland Interim Finance Director remain as a Power of Attorney for Advance Northumberland Ltd.

12.2 Housing Disposals

- 12.2.1 The Managing Director presented the paper to outline the strategy and related financial metrics of the planned disposal of 78 x Advance Northumberland Homes (ANH) residential properties which fell outside of the county boundaries.

- 12.2.2 The Managing Director reminded Board that in February 2018 the Board approved the proposal to dispose of 70 x residential units which fell outside of the Northumberland County boundaries. Additionally, a further 8 x properties had now been added to this disposal schedule, located in

Burradon. These had previously been discounted as they fell under ANH's 'Cramlington Estate' classification, however were within North Tyneside Council boundaries.

- 12.2.3 The Managing Director confirmed that a formal procurement exercise was undertaken in order to identify and instruct an Agent to market and secure sales of the units. Each submission outlined the marketing approach and expected achievable sales values of the portfolio, all quoting substantial discounts being necessary due to the quantum of units. [REDACTED]
[REDACTED]
[REDACTED]
- 12.2.4 The Managing Director went on to confirm that following a review of the tender submissions and analysing the financial implications, a decision had been made that it would be of greater financial benefit to ANH to implement and manage an in-house disposal strategy utilising smaller portfolio and individual sales.
- 12.2.5 The Managing Director stated that ANH would engage both local and national agents, as well as utilising in-house marketing resources to dispose, with sale proceeds used to repay loans. In instances where sale proceeds exceeded the outstanding loan, the cash would be used to repay loans on other ANH assets. Properties with the highest interest rates and poorest yields would be prioritised for repayment.
- 12.2.6 The Managing Director stated that, if approval was granted, it would allow the Homes Manager to operate an agile and responsive approach regarding disposal strategies, which was essential in order to truly achieve best value in the open market. In some instances, properties would be disposed of as portfolios, and in other instances it would be more beneficial to dispose of units individually, these methods would be continually appraised to ensure success.
- 12.2.7 The Managing Director confirmed that formal control documents had been drafted and implemented which required both Managing Director and Chief Finance Officer to sign off on all disposals (which had already secured Board approval). This document would ensure all disposals had undergone all necessary due diligence, and all appropriate approvals were in place in accordance with the Advance Northumberland F2 Financial Delegated Authority Policy. A disposal could not be progressed to legal completion until this document had been fully reviewed and signed by both MD and CFO.
- 12.2.8 The Managing Director went on to confirm that a discount of up to 25% had been forecast for mass disposal of the units. ANH would use this sale price recommendation of 75% of Net Book Value as a guide but would seek to maximise income on a sale by sale basis in order to generate cash profit.

12.2.9 [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

12.2.10 The Managing Director confirmed that, in instances where it may be necessary to accept a lower offer [REDACTED]
[REDACTED]. A working control document would be held by the Chief Finance Officer to monitor performance and impact of sales.

12.2.11 The Managing Director stated that any cash profits from sale would be used to repay loans on other properties, with those with highest interest rates and poorest P&L performance being prioritised. For this to be actioned efficiently, it was necessary for authority to repay these loans to be delegated to the Chief Finance Officer, in consultation with the Homes Manager.

12.2.12 The Managing Director went on to state that a schedule and running total of properties sold would be maintained by Finance to ensure the 79% (cumulatively) was achieved throughout the disposal programme.

The Board:

- 12.2.10
- **NOTED** the contents of the report.
[REDACTED] **APPROVED** disposal of 78 x residential units [REDACTED]
[REDACTED]
 - **APPROVED** delegated authority to the Advance Northumberland Managing Director to approve all satisfactory offers of sale, subject to offers meeting parameters outlined in the body of this report [REDACTED]. With the addition of the approval of 3 Board members by way of an electronic decision within a 24 hour period.
 - **APPROVED** delegated authority to the Advance Northumberland Chief Finance Officer to discharge loans, in consultation with the Managing Director and the Homes Manager.

12.3 **Northumbria House, Blyth**

12.3.1 The Interim Director of Investments presented the paper to request Board to approve the letting of Units 2 & 3 Northumbria House Blyth [REDACTED]
[REDACTED]

- 12.3.2 The Interim Director of Investments explained to Board that Northumbria House was the former Cooperative Department store which closed in 2013 and was bought by Marshall, a development company, in 2014. The developer planned a comprehensive refurbishment of the property with a scheme that would deliver three new retail units to the ground floor and an external aesthetic treatment applied to the upper floors, the majority of which would be voided.
- 12.3.3 The Interim Director of Investments went on to explain that Arch were approached to support the scheme and agreed to purchase the refurbished property by way of a forward sale. The advantage of this approach was that with the three retail units let [REDACTED] income would be generated to fund the purchase. It therefore represented a sustainable investment and by guaranteeing the sale our commitment would help ensure the scheme was completed. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- 12.3.4 The Interim Director of Investments confirmed that Poundworld went into administration in July 2018. All stores were closed and Units 2 & 3 returned to Advance Northumberland. [REDACTED]
[REDACTED]
[REDACTED] Like any commercial asset, under normal circumstances, the units would re-let on similar terms. In July 2018 a specialist retail agent was appointed and letting particulars widely circulated to potential occupiers. The units were offered on a split or combined basis. Despite an extensive marketing campaign, the view of our letting agent was that the units were unlikely to be capable of letting at the same level of rent.
- 12.3.5 The Interim Director of Investments stated that, inevitably, this had also impacted on the capital value of the asset. [REDACTED]
[REDACTED]
- 12.3.6 The Interim Director of Investments confirmed that, in October 2018, an approach had been made by [REDACTED] a family owned retailer that operated value stores throughout the UK. They had offered to take the units but at a rent [REDACTED] considerably below the asking rent [REDACTED].
- 12.3.7 The Interim Director of Investments went on to confirm that, in addition, [REDACTED] would also seek to secure the premises for 15 years (with a break at year 10) and to fix the rent to an increase [REDACTED] at year five and, if the break is not exercised [REDACTED] for the final five years of the term.

Despite protracted negotiations we were advised that this was their best and final offer.

12.3.8 The Interim Director of Investments stated that the terms proposed [REDACTED] demonstrated the best offer received following an open market process. If accepted the rental income generated from Northumbria House would increase [REDACTED]. However this was still [REDACTED] below the [REDACTED] interest payable to NCC calculated at the existing interest rate of 5.75% pa.

12.3.9 The Interim Director of Investments explained that to mitigate this Advance Northumberland could seek a review of the interest rate being charged by NCC.

12.3.10 The Interim Director of Investments confirmed that Central Government had recognised that many town centres were facing significant difficulties and had created the Future High Street Fund. Worth £675m it was launched in December 2018 and was currently seeking bids from local authorities. The Future High Street Fund had strict eligibility criteria with one of the key aspects being that each local authority could only nominate one town with up to £25m available for each bid. A report presented to NCC Informal Cabinet in January 2019 summarised the fund and identified Blyth town centre as Northumberland's strongest candidate for nomination.

12.3.11 Following a conversation between Board members, Board advised that they were reluctant to grant a lease for the two units recently vacated by Poundworld and Bargain Buys on such unfavorable terms. However, predominantly for the benefit of Blyth town centre and to support further initiatives being brought forward by NCC through the Future High Street Fund, the letting was approved, [REDACTED]

The Board:

12.3.12 [REDACTED] **APPROVED** the letting of Units 2 & 3 Northumbria House Blyth [REDACTED]

- **NOTED** the annual rent [REDACTED] being offered [REDACTED] was [REDACTED] less than the asking rent [REDACTED].
- **NOTED** the book value of Northumbria House as of March 2018 [REDACTED] and that following the administration of [REDACTED]

Poundworld, (the former tenants of Units 2 and 3), the current market value of the property [REDACTED].

- **NOTED** that if approved by Board, upon the grant of the lease [REDACTED] the current income would increase [REDACTED] and the capital value would increase [REDACTED].

13.0 Project Updates

13.1 East Sleekburn – NEP1

13.1.1 The Managing Director presented the paper to update Board on the progress of NEP1.

13.1.2 The Managing Director reminded Board that the Infrastructure Works comprised reclamation and decontamination of the land comprising the former Blyth power station and upgrading the former ash barge dock to a wider and deeper berth. The unlocking infrastructure works were geared towards attracting private investment for large manufacturers related to offshore / marine industry sector.

13.1.3 The Managing Director confirmed that a comprehensive OJEU tender process which allowed negotiation had been completed in conjunction with NCC Procurement Team. The resulting tender assessment and negotiation had resulted in Farrans Civil Engineering Contractors being successful offering the most economically advantageous tender against a backdrop of a very buoyant sector. (NB out of five tenderers successful through prequalification three tenderers dropped out due to either won opportunities or more attractive larger tenders which meant two remained supplying bona fide tenders).

13.1.4 The Managing Director went on to confirm that following weeks of negotiations, the recommendation to mobilise Farrans under a Letter of Intent was accepted by NCC [REDACTED] in order to maintain programme with potential investor requirements incorporated and in lieu of final Value Engineering deductions [REDACTED] being finalised by the end of January to allow formal contract award. The commercial terms of the contract had been agreed by both parties ensuring no delays or outstanding issues remaining at award.

13.1.5 The Managing Director stated that additional funding was identified following the tender submissions [REDACTED]. The tender prices were well above the estimate driven by market buoyancy and higher prelim costs related to the contractors chosen method of construction. To secure the additional funding contributions between NCC Capital and NELEP, an updated Business Case was submitted to NELEP and NCC based on the current investor proposals. The additional funding was approved on 9th

January 2019 to be split 50:50, subject to the realisation of Value Engineering savings [REDACTED].

- 13.1.6 The Managing Director asked Board to note that additional management fees were due for Advance Northumberland on the increased value of the works. Based on forecast Business Rate income profile of the scale of development being proposed by potential investors, both NCC and the NELEP were satisfied that the projected private sector returns justified the increased level of investment.
- 13.1.7 The Managing Director confirmed that Farrans were starting on site week commencing 28th January 2019, to meet the investor's specified requirements which also meant works would have started before the expiry of the Local Development Order as important milestones. The initial works will focus on securing the site / establishing the site facilities and site clearance. Remediation of the main site would follow on with substantial earthworks, decontamination and drainage for the manufacturing plant area. This would allow early release to the potential investor under discussion to allow construction of the manufacturing plant to commence. The dock works would commence spring/summer 2019. In total the works were expected to take 18 months and complete by June 2020.
- 13.1.8 The Managing Director confirmed that progress was being made with three key investors. Advance Northumberland were ensuring that any liability relating to any investors Heads of Terms did not exceed any liability that cannot be passed on through the limit of liability within the contract, again in conjunction with NCC legal.
- 13.1.9 The Managing Director informed Board that a port operations consultant, Burns Ports and Logistics, had reported on the options for procuring an operator for the completed dock. [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
- 13.2 **Ashington Leisure Centre**
- 13.2.1 The Managing Director presented the paper to give Board an update on Ashington Leisure Centre.
- 13.2.2 The Managing Director reminded Board that Carillion went into liquidation on 15th January 2018 and Arch/Advance Northumberland were asked to step in and lead recovery of the completion of numerous serious defects that had manifested during defects period. Compounded by poor execution of the rectifications works this had led to the leisure centre, particularly the pool area, being left in a shocking state when all Carillion staff and subcontractors walked off site. A recovery process and action

plan were quickly implemented to protect NCC through the routes available against the Bond (£1.6m) within the contract.

13.2.3 The Managing Director confirmed that an estimated budget [REDACTED] was initially agreed to be set aside by NCC to tackle the known problem defect areas.

13.2.4 The Managing Director stated that works had been ongoing for 12 months with final completion of all works expected in April 2019.

13.2.5 The Managing Director confirmed that the claim documentation, to include all costs, is being worked up by AIG Europe ready for submission by Ward Hadaway legal advisors.

13.3 **Portland Park Update**

13.3.1 The Interim Director of Investments gave a presentation and update on the progress being made on Portland Park. This was received positively by Board and the Interim Director of Investments advised that a formal report would be presented to Board within the next two months.

13.4 **Bedlington Town Centre**

13.4.1 The Interim Director of Investments gave a verbal update on Bedlington Town Centre, stating the current position with the anchor tenant and that further information would be forthcoming during discussions over the next few weeks.

13.5 **Amble Retail Park**

13.5.1 The Interim Director of Investments gave a presentation and update on Amble Retail Park, stating that things were progressing well with regard to investor interest and ongoing discussions with [REDACTED] the anchor tenant.

13.5.2 The Interim Director of Investments went on to say that the critical milestone was securing satisfactory planning consent with a decision expected at the NCC Planning Committee to be held in March 2019.

14.0 **AOB**

14.1 **ACFC**

14.1.1 The Managing Director confirmed that new governance arrangements were put in place and ACFC was likely to continue in line with Board instruction. [REDACTED]

14.2 **Board re-approval of the disposal of 9 Abbeygate, Durham.**

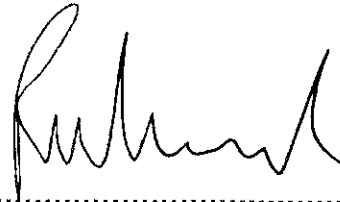
14.2.1 In line with the Board's previous decision in relation to the sale of residential units, the Managing Director sought views on an offer received for a property within the portfolio, 9 Abbeygate, Middlesbrough. Board

considered the offer against the book value and approved its disposal

██████████.

15.0

The Chairman thanked the Board for their attendance and closed the meeting at 16:48.



.....CHAIRMAN

