
Date/Time

Friday 30th November 2018
13:00 – 16:08

Venue:

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

In attendance:

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

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

Present:

Daljit Lally
Ken Dunbar

Colin Dickson
Kim Grant (Minutes)

NCC Chief Executive
Arch Interim Executive Director of Business
Support
Arch Interim Chief Finance Officer
Arch Personal Assistant

Part:

Duncan Bowman
Neil Turnbull
Lee Farrier
John Hildreth
John Moran

Development Director
Head of Land & Development
Head of Estates
Interim Head of Economic Growth
Homes Manager

Apologies:

Peter Jackson
Neil Bradley

Kelly Angus

Barry Scarr

Leader NCC
NCC Finance Director/Arch Interim Finance
Director
NCC Executive Director of HR/OD & Deputy
Chief Executive
NCC Executive Director of Finance & Deputy
Chief Executive

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, Neil Bradley, Kelly Angus and Barry Scarr.

3.0 Declarations of Interest

3.1 The Arch Interim Executive Director of Business Support declared an interest with regard to item 12.3.

4.0 Minutes of Previous Meetings

4.1 The minutes of the previous meeting held on the 26th October were reviewed and AGREED as an accurate record of proceedings with one amendment to the statement at 8.1 Transition Costs – this should read “Transition Costs were budgeted to be in the region [REDACTED]”.

4.2 Report from Audit Chairman – J Woodman

4.2.1 J Woodman informed the Board that, following the Audit Committee Meeting of the 30th November 2018, the Internal Audit Team had confirmed that no high priority items had been identified and one outstanding point of the development of a robust risk register will be reviewed by Board in March 2019. The Internal Audit Team had recognised the issues that the Company had faced and felt these had been dealt with very positively. Ethical governance, pre-employment checks and void management would be looked at over the next 6 months.

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;

- Sale of Washington Glover and Jarrow Sites.

7.0 Transition to Advance Northumberland

- 7.1 The Board adjourned the Board meeting to hold a special meeting of the Advance Board to consider written resolutions and statutory matters relating to the establishment of the new company.

The minutes of that meeting will be considered

8.0 Health & Safety

- 8.1 The Interim Executive Director of Business Support gave an update on current Health & Safety (H&S) issues.
- 8.2 The Interim Executive Director of Business Support reminded Board that, in the absence of the H&S Manager since early September, and following the utilisation of specialist H&S consultants (Carneys) in September/October 2018 (as previously reported to Board), Advance had now extended the existing Service Level Agreement (SLA) for Health & Safety with Northumberland County Council (NCC).
- 8.3 The Interim Executive Director of Business Support confirmed that the NCC H&S Safety Team had the necessary skills to provide audit, guidance and advice to Advance as part of the extended SLA. Advance site audit, reporting processes, monitoring and policy development would also be maintained under this arrangement.
- 8.4 The Interim Executive Director of Business Support went on to confirm that as part of the interim arrangements team managers had ensured risk critical training has been completed by Advance personnel. Over 50 courses had been completed by Advance staff and managers in the last three months including working at height, IOSH, fire marshal and near miss training. Further risk critical training was booked in for November and December 2018.
- 8.5 The Interim Executive Director of Business Support stated that issues highlighted from the data report for October 2018 were as follows;
- 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.
- 8.6 The Interim Executive Director of Business Support confirmed that two RIDDOR reportable accident incidents had occurred on site (Ponteland) operated by a third party, Surgo, for Advance in November. Advance

Managers, supported by NCC H&S advisors, had acted to ensure required investigation and reporting procedures had been followed. An Advance member of staff was involved in one incident and initial and ongoing welfare/support arrangements had also been put in place by managers. Advance were not the principal contractor but it was necessary to be assured that all required actions had been implemented.

- 8.7 CS Sayers commented that the Board would wish to ensure that working environments on sites were safe. The Interim Executive Director of Business Support committed to come back to the next Board meeting with an update and further details.

The Board:

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

9.0 Human Resources

- 9.1 The Interim Executive Director of Business Support presented the HR report.
- 9.2 The Interim Executive Director of Business Support stated that the current headcount within Arch at 31st October 2018 was 129 and labour turnover for the period ending October 2018 was 8.62% (11 leavers). The figures reflected a slight increase in labour turnover.
- 9.3 The Interim Executive Director of Business Support confirmed that the sickness absence rate for period ending October 2018 was 409 days absence which equated to 3.17 days per person. The figures reflected a slight increase in sickness absence with long term sickness impacting upon the numbers.
- 9.4 The Interim Executive Director of Business Support stated that recruitment was ongoing with 5 live vacancies, 3 vacancies awaiting approval and 5 posts currently under offer.
- 9.5 The Interim Executive Director of Business Support 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.

9.6 The Interim Executive Director of Business Support confirmed that Advance were progressing with their plans for Continuing Excellence as part of their on-going commitment to the Better Health at Work award. The assessment date had been deferred to 29th November 2018.

9.7 The Interim Executive Director of Business Support went on to confirm 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 we would now have to outsource this training. 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

Some highlights include:

- 6 people booked on the IOSH Managing safely course to be delivered in November.
- 1 person was currently attending NEBOSH training,
- 2 people were booked to undertake 1-2-1 management coaching
- 1 person has attended management training through the NHS leadership programme.
- 85 people had attended Dignity at Work training

Ten people were currently undertaking career pathways.

There are currently 2 apprentices within the group, 1 Admin, and 1 IT.

9.8

[REDACTED]

9.9

9.10

[REDACTED]

The Interim Executive Director of Business Support confirmed that Advance had agreed the purchase of new HR software, which ultimately would include learning and development, on-line absence reporting/booking and recruitment. An installation time-frame was being defined. All HR policies would be placed on this portal which would ensure the most current version was available to all staff.

9.11

The Interim Executive Director of Business Support confirmed that the pension scheme was performing well, with low cost and good return on investments. Work was currently ongoing in the following areas;

- 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.

The Board:

9.12

- **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)

- Current YTD profit level remains high compared to budget [REDACTED] at the point of transition. This was mainly down to the reduced spend in terms of external consultants and work carried out on behalf of Business Northumberland, Rural Growth Network and Economic Development Team.

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 main risk facing the Group at this present time was the Ascent Homes sales forecast for the remainder of the year. [REDACTED]
[REDACTED] Any movement in these numbers would have a detrimental impact on profit and the Group's ability to provide [REDACTED] charitable contribution to Active Northumberland.
- 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 minimized. This would continue to be monitored to ensure profit levels were maintained.

- 10.2 The Interim Chief Finance Officer confirmed that there would be no charitable contribution this year due to the Company being in negative reserves.

- 10.3 The Interim Chief Finance Officer informed the Board that within the 2017/18 accounts both Arch Housing and Arch Commercial Enterprise made a provision for bad debt based on an analysis from the Income Recovery Manager [REDACTED]. This was based on a calculation of current outstanding debts, the number of weeks in arrears and percentage applied to each banding, which was the basis for provision in previous years.
- 10.4 The Interim Chief Finance Officer confirmed that the Income Recovery Manager had worked hard to recover those debts but following various routes of action, including external debt recovery agencies (CDI and Elliott Davies) as well as court action and bailiffs where possible, without success. [REDACTED]
- 10.5 The Interim Chief Executive Officer went on to confirm that the majority of Housing tenants whose debts were requested to be written off had gone through all the stages of collection within the arrears policy and were untraceable with the remainder either deceased or bankrupt. The majority of Commercial tenants whose debts were requested to be written off had gone into liquidation with the remainder untraceable.

The Board:

- 10.6
- **NOTED** the contents of the report.
 - **APPROVED** the bad debt write-off [REDACTED]

11.0 Policies and Plans for Approval

11.1 Commercial Sponsorship Policy

- 11.1.1 The Interim Executive Director of Business Support presented the policy for Board's consideration explaining that this was not a policy that NCC had therefore a slightly different approach was required.
- 11.1.2 The Interim Executive Director of Business Support stated that, as one of a suite of policies that had been developed over the last few months, commercial sponsorship was considered to be an important part of the overall governance policy framework for the new company.

- 11.1.3 The Interim Executive Director of Business Support confirmed that the policy was designed to strengthen governance, openness and transparency on sponsorship invested or received. Sponsorship would form an important part of Advance Northumberland's activities and strategy as it could enhance the quality and financial viability of some of the Company's activities and ensure support from and for partners. It would also enable Advance Northumberland to follow clear criteria as to how and when it may sponsor events and ensure all sponsorship agreements would not compromise or question the integrity of Advance Northumberland's strategy and operations
- 11.1.4 The Interim Executive Director of Business Support went on to confirm that the policy had no immediate financial implications, though there were long standing sponsorship arrangements and charitable donations which would need to be reviewed against the criteria.

The Board:

- 11.1.5
- **REQUESTED** that the policy be amended to include financial thresholds and criteria then brought back to a future Board meeting.

12.0 Approvals

12.1 Development of Land at Bellingham

- 12.1.1 The Development Director and the Head of Land & Development presented the paper to request Board to approve the purchase of 4.94 acres of freehold land at Briar Hill, Bellingham.
- 12.1.2 The Head of Land & Development explained to the Board that the land was offered to the market by Knight Frank in early 2018 and represented an opportunity for Ascent to secure a rural site in west Northumberland in an area which had not seen a lot of new housing development in the recent past. The land had the benefit of an outline planning approval which also gave some planning certainty. The development would also give an opportunity to deliver some affordable housing on site for local residents.

- 12.1.3 The Head of Land & Development confirmed that the development opportunity provided investment in housebuilding on a green field site in West Northumberland which had seen an under investment in new housing in recent years. It would produce a range of first-time buyers and family houses as well as a number of bungalows which was unusual but responded to perceived demand [REDACTED]. This investment would support housebuilding jobs and provide investment in Northumberland based subcontractors and suppliers. In addition to this the shareholder would receive both new homes bonus and council tax contributions.
- 12.1.4 The Head of Land & Development stated that the picturesque setting of the site together with Bellingham's status as a holiday destination would give a unique opportunity to provide holiday accommodation as well as catering for the local first-time buyer, family and older persons market. Bellingham comprised a population of 1334 and had recently seen no significant new private housebuilding. It's demographic as a holiday destination meant that there was now a new generation of new young families looking to purchase property in the town.
- 12.1.5 The Head of Land & Development confirmed that a management charge was likely to be required at this location to deal with the maintenance of the SUDS pond and associated works outside of plot boundaries. The formation of the Management Company would be subject to a subsequent Board Approval. The legal entity and process for securing funds from purchasers to fund the maintenance works would mirror that approved by Board for the Ascent Homes scheme at Ellington.
- 12.1.6 The Head of Land & Development went on to confirm that the NHBC would be the warranty provider, ensuring that the homes were built to their standards. The homes would be extremely energy efficient compared to average homes in the UK.
- 12.1.7 The Head of Land & Development stated that the development was granted outline planning approval in December [REDACTED]. The application, which would include a Section 106 requirement [REDACTED] received several negative responses from local residents and the Town Council. However, the scheme did receive approval and it was the intention to submit a reserved matters approval soon to change the layout to the standard house types.

12.1.8

[REDACTED]
[REDACTED]
[REDACTED]

The Board:

12.1.9

- **APPROVED** the purchase of this green field site to accommodate the construction of 41 dwellings and associated infrastructure [REDACTED] subject to Council approval of the loan and the provision of a financial statement by the Arch Interim Chief Finance Officer.
- **APPROVED** development funding [REDACTED] to construct 41 dwellings and associated infrastructure, subject to Council approval of the loan and the provision of a financial statement by the Arch Interim Chief Finance Officer.

12.2

The Development of Land North of Weetwood Road, Wooler

12.2.1

The Development Director and the Head of Land & Development presented the paper to request Board to approve the purchase of 6.23 acres of freehold land north of Weetwood Road, Wooler.

12.2.2

The Head of Land & Development explained to the Board that Ascent Homes were approached by the land owner's Agent in January 2017 to gauge interest in acquiring the site which had the benefit of outline planning approval. Wooler has a thriving market in static caravan sales and there is a market for 2 bed static 'homes' which sell for circa £170k. Due to the rural location of the site a land purchase arrangement whereby Ascent Homes only pay for plots at the point of Completion of Sale, thus mitigating a slow sales rate and keeping debt to a minimum.

12.2.3

The Head of Land & Development stated that the development opportunity would provide investment in housebuilding on a green field site in north Northumberland which had seen an under investment in new housing in recent years. It would produce a range of first-time buyer and family houses as well as a significant number of bungalows [REDACTED]
[REDACTED]

[REDACTED] This investment would support housebuilding jobs and provide investment in Northumberland based subcontractors and suppliers. In addition to this the shareholder would receive both new homes bonus and council tax contributions.

- 12.2.4 The Head of Land & Development stated that Wooler comprised a population of 1983 and had seen no recent significant new housebuilding. Its demographic as a holiday destination meant that there is now a new generation of young families looking to purchase property in the town.
- 12.2.5 The Head of Land & Development stated that any unsold units would be offered to Advance Northumberland Homes as private rented units.
- 12.2.6 The Head of Land & Development confirmed that a management charge was likely to be required at this location to deal with the maintenance of the SUDS pond and associated works outside of plot boundaries. The formation of the Management Company would be subject to a subsequent Board Approval. The legal entity and process for securing funds from purchasers to fund the maintenance works would mirror that approved by Board for the Ascent Homes scheme at Ellington.
- 12.2.7 The Head of Land & Development went on to confirm that the NHBC would be the warranty provider ensuring that the homes were built to their standards.
- 12.2.8 The Head of Land & Development explained to Board that the development was granted outline planning approval in June 2016 for residential development and 12 self-catering lodges (which do not form part of the Ascent Homes scheme). The application [REDACTED] received no negative consultation responses. Subsequently the Reserved Matters application was submitted in August 2018 and would hopefully go to Committee in December 2018.
- 12.2.9 Following a discussion amongst the Board members where concerns were raised regarding the possible negative effects of Brexit on the housing market and the inclusion of a 5 year back-stop on the land, it was decided to defer approval. The Head of Land & Development would revert back to the landowner to re-negotiate more favourable terms then bring back to Board at the earliest opportunity.

The Board:

- 12.2.10
- **DEFERRED APPROVAL** for the purchase of this green field [REDACTED] [REDACTED] subject to Council approval of the loan and the provision of a financial statement by the Arch Interim Chief Finance Officer.

[REDACTED]

The Interim Executive Director of Business Support left the meeting.

12.3 **The Disposal of Long Leasehold Interest in Unit 1 Birchwood Way, Ashwood Business Park, Ashington**

12.3.1 The Head of Estates reminded Board that Advance Northumberland Commercial Ltd hold a small industrial estate comprising of 6 units which was bought from Fergusons Ltd in April 2014 for a capital sum [REDACTED]. The rationale behind the acquisitions was to enable the company to obtain modern, good quality industrial space in the south east of Northumberland with good transport links to grow the Industrial Portfolio.

12.3.2 The Head of Estates confirmed that the portfolio was acquired with 5 of the 6 units occupied. Two of the units were leased at market rent whilst a further three units were leased on a long leasehold basis due to the tenants paying a capital premium at lease commencement.

12.3.3 [REDACTED]

12.3.4 [REDACTED]

12.3.5 [REDACTED]

12.3.6 [REDACTED]

12.3.7 [REDACTED]

[REDACTED]

[REDACTED]

13.0 Project Updates

13.1 East Sleekburn – NEP1

13.1.1 The Interim Head of Economic Growth gave Board an update regarding the Northumberland Energy Park (Phase 1) which would give a significant opportunity to realise new jobs and investment into Blyth with wider opportunity for supply chain impact (new inward investors and growth of existing supply chain).

13.1.2 The Interim Head of Economic Growth confirmed that there was a strong end-user interest for large scale site and deep-water access creating high value, employment-led projects.

13.1.3 The Interim Head of Economic Growth went on to confirm that the procurement of a single main contractor for both the dock and reclamation works through OJEU process had commenced.

13.2 Advance Northumberland Homes

13.2.1 The Homes Manager gave Board an update regarding the PRS Portfolio Performance confirming that Advance Northumberland Homes had a residential portfolio of 1,118 properties split between both PRS and Affordable markets.



13.2.2 The Homes Manager confirmed that Advance Northumberland Homes would continue the proactive marketing and letting strategy and the delivery of outstanding customer service, currently rated at 88% excellent, 12% very good.

13.2.3 The Homes Manager went on to confirm that Advance Northumberland Homes would continue to progress a business plan focussed around efficient, profitable and sustainable estate management with excellent customer service at its forefront along with a capital investment programme to raise standard and desirability of properties aiding customer satisfaction and retention.

14.0 AOB

14.1 Active Northumberland

14.1.1 The Managing Director sought advice from the Board as to the membership status of Advance Northumberland on the Board. It was noted that Northumberland National Park had resigned as a member of the Trust. The Council's Councillor appointee has also resigned and it is expected that Northumberland Water will also resign as Trustee. New Directors have been recruited to the Trust, which changes the previous membership structure, which was based on NHS, Arch, NCC and National Park as members.

Directors felt it would be appropriate for Advance Northumberland to withdraw as a Trustee of the company and for the Managing Director to resign as Advance Northumberland's representative at the soonest opportunity, as and when new Directors become established.

14.2 Durham Workspace

14.2.1 The Board was advised that offers had been received for Durham Workspace with the aim of concluding the purchase by Christmas. The Board were minded to approve disposal if the price was considered appropriate.

13.3 The Chairman thanked the Board for their attendance and closed the meeting at 16:08.

A handwritten signature in black ink, appearing to be "R. ...", written over a dotted line.

CHAIRMAN

