



## Arch Board Minutes

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**Date/Time**

Friday 24<sup>th</sup> August 2018  
1:00pm – 3:30pm

**Venue:**

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

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**In attendance:**

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

Arch Chair  
Leader NCC  
Deputy Leader NCC  
Leader of Liberal Democrat Group

**Present:**

Barry Scarr

Ken Dunbar

Kim Grant (Minutes)

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

**Part:**

Colin Dickson  
Lee Farrier  
Michael Black  
Lisa Harwood

Arch Head of Finance  
Arch Head of Estates  
Arch Interim Director of Investments  
Arch Business Growth & Investment  
Manager

**Apologies:**

Chris Sayers

Neil Bradley

Daljit Lally  
Kelly Angus

Chair of Board of Governors, Northumbria  
University  
NCC Finance Director/Arch Interim  
Finance Director  
NCC Chief Executive  
NCC Executive Director of HR/OD &  
Deputy Chief Executive

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## **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 Chris Sayers, Neil Bradley, Daljit Lally and Kelly Angus.

## **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 meetings held on the 27<sup>th</sup> July 2018 were reviewed and **AGREED** as an accurate record of proceedings.

## **5.0 Matters Arising**

5.1 There were no matters arising.

## **6.0 Health & Safety**

6.1 The Interim Executive Director of Business Support ran through the Health & Safety report by exception and confirmed that there was one red risk;

- Following a safety audit of Ascent Homes working at height activities had been identified as a risk, this included the planning, supervision and monitoring of activities.

6.2 The Interim Executive Director of Business Support confirmed that Alex Bennet would carry out some secondary observation on this.

6.3 The Interim Executive Director of Business Support stated that there was an amber risk associated with vibration exposure monitoring. The Arch HR department were in discussions with NCC Occupational Health to arrange construction and maintenance staff 4-point medical assessments; Skin, Hearing, Respiratory, Hand & Arm Vibration.

6.4 The Interim Executive Director of Business Support confirmed that the number of properties with a current valid EICR testing certificate had increased by 510 properties since last reported to the July Board meeting.



- 6.5 The Interim Executive Director of Business Support went on to confirm the work had been done on the Health & Safety training and development matrix and that a comprehensive training matrix would be tabled at the September Board meeting.

**The Board:**

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

**7.0 Human Resources**

- 7.1 The Interim Executive Director of Business Support presented the HR Report.
- 7.2 The Interim Executive Director of Business Support stated that the current headcount within Arch at 31<sup>st</sup> July 2018 was 128, labour turnover for the period ending June 2018 was 18.75% (8 leavers).
- 7.3 The Interim Executive Director of Business Support confirmed that the sickness absence rate for period ending June 2018 was 205 days absence which equated to 1.6 days per person.
- 7.4 The Interim Executive Director of Business Support stated that recruitment was ongoing with 9 live vacancies and the expectation of approval of a further 3 posts.
- 7.5 The Interim Executive Director of Business Support stated that the NCC learning and development training portal was now live with mandatory training only. These were Fire Safety, DSE, GDPR, Equality and Diversity, Health & Safety and Stress Awareness. Completion rates were being monitored and at the end of July 2018 were 97.44%.
- 7.6 The Interim Executive Director of Business Support confirmed that letters had gone out to all staff with regard to the TUPE transfer advising them of the delay in transitioning to Advance Northumberland.
- 7.7 The Interim Executive Director of Business Support went on to confirm that, following the Staff Survey, the working party had put together proposals for a team building event to be held at an off-site venue. This would now be delivered internally by the Interim Executive Director of Business Support.



- 7.8 The Interim Executive Director of Business Support confirmed that the performance management cycle ran from April to March. End of year reviews were due for completion by the end of April 2018.

**The Board:**

- 7.9
  - **NOTED** the contents of the report.

**8.0 Financial Update**

- 8.1 The Head of Finance presented the report and guided the Board through the key financial risks;

- Sales activity was currently slower than forecast by c.21 units but it was anticipated that this would be made up during the year with a net nil impact on forecasted profit.
- Arch Housing void levels continued to be greater than anticipated (12% vs10%). In addition, new legislation regarding electrical testing had meant that an additional 385 properties required certification [REDACTED].
- Arch Commercial showed an increase in the level of CVA's being filed and companies going into administration had meant a reduction in rent and service charge income of c£815k, however this had been offset by the additional unexpected profit rent [REDACTED].
- Arch Corporate costs and revenues were behind original budget as activity could not ramp up fully until Advance Northumberland branding was in place. Other savings against budget could become apparent when full profiling of activity was completed post September launch of Advance. Staff costs continued to be lower than forecast due to difficulties in recruiting to fill vacancies.
- Transition costs were currently in the region of [REDACTED].

- 8.2 The Head of Finance confirmed that, following on from an action from July's Board meeting, re-forecasting had been done across the Arch Companies with the exception of Arch Developments which would be presented at the September Board.

- 8.3 The Head of Finance went on to confirm that a new format for Finance reporting would be introduced going forward which would include more KPI's and graphs etc.

- 8.4 The Head of Finance pointed out to the Board the key financial considerations going forward;
- Setting interest rates on schemes – [REDACTED]
  - Whether equity should be built in Advance Northumberland or NCC? [REDACTED]
  - Establishing the return NCC required from Advance Northumberland and how it would extract that [REDACTED]
  - Management fees in the project management arena – future NCC capital programme projects.
- 8.5 The Head of Finance confirmed the change in Arch Developments to the variance year to date due to Ascent Homes sales being down by 21 units currently.
- 8.6 The Head of Finance stated that the Arch Development Director had voiced concerns regarding the potential of 100 less units in 2019 due to problems with the land bank.
- 8.7 The Head of Finance confirmed that Arch Homes voids were a slight issue. A report, including a graph detailing the monthly void loss, would be tabled at the September Board meeting.
- 8.8 Cllr Peter Jackson requested that a review of the long-term maintenance programme for the housing stock be tabled at the September meeting.
- 8.9 The Chairman requested that a report on sunk costs be tabled at the September meeting.

**The Board:**

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

**9.0 Policies and Plans for Approval**

**9.1 Procurement Strategy**

- 9.1.1 The Interim Executive Director of Business Support presented the proposed new Arch Procurement Strategy explaining that this had primarily been compiled by NCC's Head of Procurement to align Arch more closely with NCC's expectations.



- 9.1.2 The Interim Executive Director of Business Support confirmed that the Policy aligned with the standing financial instructions previously approved by Board.
- 9.1.3 The Interim Executive Director of Business Support went on to confirm that an Operating Agreement would sit behind the Arch Procurement Strategy.

**The Board:**

- **APPROVED** the new Arch Procurement Policy.

**9.2 Manufacturing Strategy**

- 9.2.1 The Business Growth and Investment Manager presented the paper seeking approval for the delivery of the Northumberland Manufacturing Sector Plan.
- 9.2.2 The Business Growth and Investment Manager stated that the manufacturing sector in Northumberland was well placed to support the delivery of the UK Government's Industrial Strategy, through the innovative work and diversification that is taking place within many of the County's manufacturing organisations.
- 9.2.3 The Business Growth and Investment Manager confirmed that Northumberland's manufacturing sector currently employed over 11,500 people which equated to over 11% of the county's workforce. The sector was the third largest employer in Northumberland, behind retail and tourism. The majority of manufacturing businesses were based in South East Northumberland around the towns of Ashington, Blyth, Cramlington, Morpeth and Bedlington.
- 9.2.4 The Business Growth and Investment Manager went on to confirm that Northumberland had a diverse range of businesses operating in the manufacturing sector. Key factors such as access to a supply chain, access to staff, transportation links, property availability and a lower than average cost of operating had all contributed to the success of the sector in Northumberland.
- 9.2.5 The Business Growth and Investment Manager stated that Northumberland had attracted a large number of international manufacturing organisations from a variety of sub sectors including pharmaceuticals, oil and gas, engineering, food and drink and renewable energies. Companies such as Coca Cola, AAF, Royal IHC, Egger,



Piramal and MSD had all been attracted to Northumberland and invested significantly in their operations and in the workforce.

- 9.2.6 The Business Growth and Investment Manger went on to explain that the sector had contributed significantly to the upskilling of the county's workforce as well as to the attraction and retention of highly skilled individuals. This supported Northumberland's Economic Strategy Vision to secure a 'prosperous Northumberland founded on quality local jobs and connected communities'. To further support this, the sector plan would create and sustain an environment that would support the sector by enabling the growth of existing businesses and attract new inward investment projects.
- 9.2.7 The Business Growth and Investment Manager confirmed that the overall objective of the delivery plan was to support growth and increase investment across Northumberland's manufacturing base. The plan would support the creation and safeguarding of jobs, productivity gains within the sector, private investment in Northumberland and advancements in technology and innovation.
- 9.2.8 The Business Growth and Investment Manger went on to confirm that an Employers Skills Forum had been established with support from EEF and involvement of Northumberland College. Arch would continue to work closely with employers and existing training providers to understand what current provision was available to support the demands of the cluster. More broadly Arch would consider national exemplars to see if additional facilities in Northumberland offering complimentary services to those already in place would solve some of the skills and recruitment issues.
- 9.2.9 A number of strategic sites have been identified as areas for development in particular to attract investment from the manufacturing sector. Ashwood Business Park, Energy Central, Fairmoor Business Park and West Hartford Business Park are all examples of sites that have been designated as areas in which the manufacturing sector can invest and grow as detailed in the draft local plan. The strategy will focus and align on the promotion of these sites and work with investors to ensure that their manufacturing operations are established efficiently and effectively within Northumberland.
- 9.2.11 The envisaged scale of development at these strategic sites will provide a significant return to Northumberland County Council through non-domestic rates receipts as well as directly to the residents of



Northumberland via job creation opportunities with a specific focus on 'better jobs'.

- 9.2.12 The plan will ensure that we work closely with the County's existing cluster as well as attracting inward investors to support their growth plans. The SAM programme enables us to reach out to employers and work with them to support the resolving of issues faced to enable their operations to grow successfully in Northumberland.
- 9.2.13 Funding has been an issue for the sector for quite some time. The sector has relied heavily on capital grant schemes to support investment and growth projects however, funding has been restricted to rural areas more recently with some small pockets of South East Northumberland gaining access to grants. There is an opportunity to utilise the North of Tyne Combined Authority investment fund along with the Borderlands deal to not only lobby for funding in areas such as skills and productivity, but also to develop funding schemes regionally that will support both the attraction of inward investment and the growth of existing companies.
- 9.2.14 The plan will be delivered by the Economic Growth Team with the support of both internal and external stakeholders and partners. The plan will be implemented within the 18/19 financial year and will be reviewed at regular intervals to ensure it is on track and relevant to the requirements of the manufacturing sector base. A budget of £30,000 had been agreed to support the delivery.

**The Board:**

- **NOTED** the strategic assessment and delivery plan to encourage inward investment and support the growth of the manufacturing sector in Northumberland.
- **APPROVED** the delivery of the Northumberland manufacturing sector plan and campaign activity to encourage inward investment and support the growth of the manufacturing sector.





**10.0 Project Approvals**

**10.1 Potland Burn: Land Adjacent to Bothal Terrace, Ashington**

10.1.1 The Interim Executive Director of Business Support introduced the paper to inform the Board of a land sale opportunity on part of Arch's major landholding at Potland Burn, Ashington.

10.1.2 The Interim Executive Director of Business Support confirmed that the land was part of a major landholding which the Company purchased from UKCLM in March 2017 and was formerly the Potland Burn opencast site.

[REDACTED]

10.1.3

[REDACTED]

10.1.4

[REDACTED]

10.1.5

[REDACTED]

**The Board:**

10.1.6 

- **NOTED** the contents of the report and **APPROVED** the sale of 1.42 acres of pasture land.

**10.2 Potland Burn: Land Adjacent to Morpeth Caravan Site, Longhirst**

10.2.1 The Interim Executive Director of Business Support introduced the paper to inform the Board of a land sale opportunity on part of Arch's major landholding at Potland Burn, Ashington.

10.2.2

[REDACTED]

10.2.3

[REDACTED]

[REDACTED]

**The Board:**

- **NOTED** the contents of the report and **APPROVED** the sale of 1.5 acres of grade 3 arable land [REDACTED].

10.3

**Seaton Delaval Industrial Estate/Disposal**

10.3.1

The Head of Estates introduced the paper confirming the Financial offer for the sale of Seaton Delaval Industrial Estate to [REDACTED]

[REDACTED]

10.3.2

The Head of Estates explained to Board that the units comprised of a range of old lock up style workshop units of brick and stone construction used predominantly for motor vehicle mechanics, garages and storage purposes. The buildings were in poor condition and posed a significant risk to the company as it required in excess of £100,000 to be spent to bring up to a modern "fit for purpose" standard that Arch would expect to have within their commercial portfolio.

10.3.3

The Head of Estates reminded the Board that in May 2018 Board had approved the rationale and process to dispose of Commercial Assets deemed surplus to the future operational needs of the Business. All

properties identified were to be disposed of in line with attracting a value in line with the Asset Valuations carried out by BNP Paribas at 31<sup>st</sup> March 2018. Seaton Delaval Trading Estate was one of the estates which were identified for disposal with a Market value placed on the property [REDACTED] by BNP Paribas.

10.3.4

[REDACTED]

10.3.5

[REDACTED]

10.3.6

[REDACTED]

10.3.7

[REDACTED]



**The Board:**

- 10.3.8      • **APPROVED** the Financial offer for the sale of Seaton Delaval Industrial Estate [REDACTED]

**11.0 Project Updates**

**11.1 Bedlington Town Centre**

11.1.1 The Interim Director of Investments gave an update on progress with the anchor retailer. Board were advised that a meeting between principles was scheduled to take place on the 30 August to confirm the retailer's final approval process, agree construction timescales and arrangements to commence development on site.

11.1.2 The Interim Director of Investments confirmed that a further progress update would be presented to Board in due course.

**11.2 Hexham Bus Station**

11.2.1 The Interim Director of Investments confirmed that terms had been agreed in principle with the site owners to reacquire the old Bus Station and purchase the Dysart development site. As the property was being acquired by NCC, no decision was required by the Arch Board. However, having successfully negotiated terms, Arch would be preparing a paper to support NCC internal approval processes and would continue to provide professional support to complete the purchase.

**11.3 Amble**

11.3.1 The Interim Director of Investments informed Board that the planning application for the new Amble Retail Park scheme was to be submitted in early September. [REDACTED]

11.3.2 The Interim Director of Investments advised the Amble Inn development was also progressing well and on track to be open in November ready for Christmas 2018.



11.3.3 The Interim Director of Investments confirmed that, upon completion, both schemes could generate over 200 jobs most of which were expected to be local.

#### 11.4 **Portland Park**

11.4.1 The Interim Director of Investments advised Board that meetings were scheduled to take place with potential cinema operators during September with a view to shortlisting in October. Further updates would be provided following these meetings.

#### 12.0 **Transition Plan Update**

12.1 The Interim Executive Director of Business Support updated the Board on key activities of the transition team. Key highlights were;

- The new company would be established soon after the full Council meeting on the 7 November, which would approve the loan and funding arrangements and the key principles to be set out in the operating agreement
- The complete suite of Company brand designs and a draft communications strategy were now complete, this meeting being the final opportunity to make changes prior to commissioning the rebranding and signage design, new website and related publicity material
- The Council were in the process of developing the Operating Agreement, including the outcome and performance expectations for Advance
- A new Transition Governing Group had been established with representation from the Council Executive and Cabinet and members of the Arch Executive Team and Board. This Group would ensure Council and Board oversight of transition issues and would ensure the Council retained an oversight of key projects in pipeline, which may have financial or policy implications for the Council
- Legal and financial support would continue to be provided by Ward Hadaway and PWC throughout the transition period.

#### **The Board:**

12.2 • **NOTED** and **AGREED** the final brand design and **APPROVED** the appointment of Wad Hadaway as Company Secretary of the new company.



**13.0 Any Other Business**

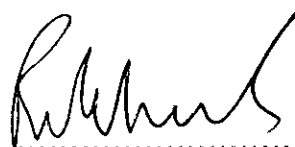
13.1 The Interim Executive Director Business Support presented an urgent report from the Executive Director of HR/OD & Deputy Chief Executive (NCC) highlighting possible implications for Arch as a result of the potential pay and grading variances between Arch and NCC, in relation to the provisions within the Equality Act 2010.

**The Board:**

13.2

- **APPROVED** that the Interim Executive Director of Business Support worked with the Executive Director of HR/OD & Deputy Chief Executive (NCC) to complete a pay and grading structural review as soon as possible, taking into account the key aspects of the equal pay principles outlined within the Equality Act (2010) and that the Arch Board receive a further update on this as part of the company's transition to Advance Northumberland.

13.3 The Chairman thanked the Board for their attendance and closed the meeting at 16:05.

  
..... **CHAIRMAN**  
24<sup>th</sup> August 2018