

NORTHUMBERLAND COUNTY COUNCIL

At a meeting of the **Northumberland County Council** held at County Hall, Morpeth on Wednesday 7 November 2018 at 3.00 pm.

PRESENT

Councillor R.R. Dodd
(Leader of the Council) in the Chair

MEMBERS

Armstrong, E.	Kennedy, D.
Bawn, D.	Lang, J.A.
Beynon, J.	Lawrie, R.
Bridgett, S.C.	Moore, R.
Campbell, D.	Murray, A.H.
Cartie, E.	Nisbet, K.
Castle, G.	Oliver, N.
Cessford, T.	Parry, K.
Clark, T.	Pattison, W.
Crosby, B.	Pidcock, B.
Dale, P.A.M.	Purvis, M.
Daley, W.	Quinn, K.
Davey, J.G.	Richards, M.E.
Dickinson, S.	Riddle, J.R.
Dunbar, C.	Robinson, M.
Dungworth, S.	Roughead, G.
Dunn, L.	Sanderson, H.G.H.
Flux, B.	Seymour, C.
Foster, J.	Sharp, A.
Gallacher, B.	Simpson, E.
Gibson, R.	Stewart, G.
Gobin, J.J.	Stow, K.
Grimshaw, L.	Swinburn, M.
Hill, G.	Thorne, T.N.
Homer, C.	Wallace, R.
Horncastle, C.W.	Watson, J.G.
Hutchinson, J.I.	Wearmouth, R.W.
Jackson, P.A.	Webb, G.
Jones, V.	

OFFICERS

Angus, K.	Executive Director of HR/OD and Deputy Chief Executive
Hadfield, K.	Committee Services and Scrutiny Manager

Henry, L.
Johnston, P.
Lally, D.
Roll, J.
Scarr, B.

Legal Services Manager
Interim Executive Director, Place
Chief Executive
Democratic Services Manager
Executive Director of Finance and
Deputy Chief Executive

Around 15 members of the press and public were in attendance.

40. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors S. Davey, Hepple, Ledger, Reid, Renner-Thompson, Rickerby, Towns and Wilson.

41. MINUTES

Councillor J.G. Davey referred to Q8 from Councillor Bawn to the Leader detailed on pg 20 of the agenda, and advised that himself and Councillor Ledger had been to see the alleged evidence, and it had been found that that it did not exist. There had been a conversation between the chief executives of two companies and the Labour Group had not been involved in that or in any follow up. If Councillor Bawn had been seeking to prove that officers could not be trusted to bring back information to members, he could confirm that it had not been brought back to his Group.

Councillor Bawn replied that the recipient of the offer of the loan had been quoted in the press confirming that the company had received an offer from the County Council, so that evidence was irrefutable. The question remained - who knew about the offer, and when was it made?

RESOLVED that the minutes of the meeting of County Council held on 5 September 2018, as circulated, be confirmed as a true record, signed by the Business Chair and sealed with the Common Seal of the Council.

42. DISCLOSURE OF MEMBERS' INTERESTS

Councillors Jackson, Wearmouth, and Daley declared personal interests in Minute No. 54 of the 23 October 2018 Cabinet minutes (Advance Northumberland - Transition from Arch) as directors of Advance Northumberland.

Councillors Jackson and Riddle disclosed a personal and prejudicial interest in respect of Minute No.55 of the 23 October meeting (Provision of Indemnities in Respect of Legal Costs), advising they would withdraw from the Chamber should there be any discussion on it.

Councillor Dickinson disclosed an interest in Minute No. 11.1 of the Health and Wellbeing Board minutes of 12 July 2018 (System Transformation Board Update) as Chair of the System Transformation Board.

43. ANNOUNCEMENTS

The Business Chair made the following announcements:-

- Item 15 on the agenda would not be considered as the decision on the issue lay with Cabinet and not Council.
- The annual Remembrance Service would be held on Friday 9 November 2018 at 11.00 am. All members and staff were welcome to attend.

The Leader announced that the Authority had won a recruitment excellence award at the regional apprenticeships and would go on to the national final for apprentice employer of the year. More than 2000 apprentices had been recruited which was a great achievement.

The new North of Tyne Combined Authority had been formalised in Parliament and was due to meet for the first time the following day. A wide range of powers had been devolved, and the key theme was inclusive growth and building prosperity for all.

Ponteland and Morpeth had won national gold awards in the Britain in Bloom competition which was an excellent achievement.

It had been a record year for green flag awards for the County's parks and he thanked the Local Services teams for their work on this.

Finally, he wished to recognise the work of town and parish councils on remembrance services up and down the County, which had been brought to his attention by Councillor Jeff Gobin. He particularly paid tribute to East Bedlington Parish Council which had recognised the contribution of each individual member of its community who had fallen in a special commemorative edition of its newsletter.

44. MEMBER QUESTIONS

Question 1 from Councillor Dale to Councillor Sanderson

How many complaints are outstanding as far as the introduction of the LED project is concerned throughout the County?

Councillor Sanderson took the opportunity to commend the work of Council staff, not least of which was the very small street lighting team who worked really hard on dealing with defects, whilst also working on the large LED contract. He was grateful to them, and proud to advise that in November 2016 there had been 12 outstanding complaints; currently there were only two.

Councillor Dale thanked Councillor Sanderson for his clear response, and his responses to other queries she had had. She still had some other concerns regarding the street lighting contract and asked that she be able to contact Councillor Sanderson to ensure they were investigated.

Question 2 from Councillor Dale to Councillor Dodd

What is opening time and date for the Council to receive Motions for the following full Council meeting?

Councillor Dodd replied that he assumed Councillor Dale was referring to Motions on Notice. The Council Rules of Procedure stated the following in respect of Motions on Notice

“Except for motions which can be moved without notice under Rule 11” (motions without notice)”, written notice of every motion, signed by any member, must be delivered to the Democratic Services Manager not later than noon on the ninth day before the date of the meeting”

AND

“Motions for which notice has been given will be listed on the agenda in the order in which notice was received, unless the member giving notice states, in writing, that they propose to move it to a later meeting or withdraw it”

Councillor Dale remarked that she noted there was a motion already submitted to the January meeting on the Core Strategy. She asked whether the legal advice, as given in September, had changed. Mr Henry advised that he had not had any notice of that and had not reviewed the legal advice in relation to that motion, but this would be done for the January meeting.

Councillor Dodd added that generally, the closing of a meeting opened up the window for motions to the next meeting. However, this was not enshrined in the Constitution. He could discuss this further with Councillor Dale if she wished.

Question 3 from Councillor Pidcock to the Leader

Now that this weak, wobbly and out of control Prime Minister has promised an end to austerity, can we expect a revised budget showing how austerity is going to be reversed?

The Leader responded that Councillor Pidcock should be aware that the Administration was currently working on a budget to deal with the remainder of the £65m black hole left by the former administration. The new budget would bring prosperity for the County and new opportunity for residents, and would deliver for hard working families across the County.

Councillor Pidcock queried why the Leader was not involved in meeting with Professor Philip Aston, UN special investigator, who was visiting the region to investigate the rising poverty levels resulting from the Government's austerity measures. He felt the Leader should be speaking to Professor Aston about

the fundamentally flawed austerity measures and arguing for more resources for the County. The Leader responded that he had not been invited to this event and added that the national and local agenda was changing. Austerity was coming to an end and this was evident from the measures in the Chancellor's budget, including £1.7bn to ease the introduction of Universal Credit and a number of other measures.

Question 4 from Councillor Pidcock to Councillor Daley

Can you explain why you so spectacularly got it wrong over the closure of Bellingham Middle School?

Councillor Daley advised that it would be difficult to comment at this stage, as the schools adjudicator was yet to publish the reasons for his decision. So until the reasons were known, it would be wrong to speculate, but a robust consultation process had been carried out.

Councillor Pidcock invited Councillor Daley to Seaton Delaval on 24 November to hear Labour's new vision for education from Angela Raynor. Councillor Daley reminded members that the academy in the west had been introduced under a Labour administration, which continued to date. He referred to the previous Council meeting when he had made it clear that he would work with and invest in all schools.

Question 5 from Councillor Hill to the Leader

In common with local authorities across the country, NCC are facing significant financial and budgetary challenges and difficult decisions cannot be avoided. However, while recognising this, does this Administration agree that a line must be drawn to ensure that our poorest and most vulnerable residents are protected?

Councillor Oliver agreed on the need for support but reminded members of the need to deliver a balanced budget and look at all areas of Council spending. Northumberland was one of the worst counties in the country for social mobility and the disparities were something to be ashamed of. The Administration was determined to address this through various measures but it would not happen overnight. A wide range of services were provided for the poorest areas of the County and the Administration was focussed on making Northumberland a County which worked for all.

Councillor Hill asked whether the Administration was aware that, for the poorest families, £2 per week was a significant amount and placed an intolerable burden on such families to find that extra. If these families made the choice between paying this extra or putting food on the table, she asked whether it was worth pursuing collection of these amounts given that it would probably cost more to the Council to do that.

Councillor Oliver replied that the proposed council tax support changes brought no pleasure but all services had to be looked at in order to meet the level of required savings. It amounted to just over £6 per month for a single household, but he was aware that any amount would be difficult for the

poorest families. Northumberland was one of only two Councils in the north east which still provided 100% relief. Only 10% of councils across the country still offered 100% relief and there were other support networks available for cases of extreme difficulty. He referred to the February 2017 budget from the last Administration which had proposed a £5m cut out of this budget, which would have meant a 50% reduction in this relief.

Question 6 from Councillor Davey to Councillor Riddle

How many formal complaints have been made about planning over the last twelve months?

Councillor Riddle advised that every planning decision made had the potential to generate complaints, either from objectors who felt that their concerns about planning applications had not been listened to, or from applicants unhappy that their application has been refused, or about some other aspect of the planning system. In the last 12 months the Planning service had determined a total of 2,231 planning applications. In the same period a total of 90 formal complaints had been recorded, which was in line with the previous year.

Councillor Davey asked when all members would be briefed on the position regarding the current legal predicament all members found themselves in. Mr Henry advised that all members were not involved in that particular claim, which was restricted to two members and one officer. The Council as a corporate whole was listed in the claim so therefore there was no personal interest in the context of the wider membership of the Council. If the position changed, members would be advised accordingly.

Question 7 from Councillor Bawn to Councillor Riddle

Can the portfolio holder for planning please advise the Council, do neighbourhood plans carry weight or not with inspectors and planning committees?

Councillor Riddle advised that the short answer was yes. Section 38(6) of the Planning and Compulsory Purchase Act 2004 and section 70(2) of the Town & Country Planning Act 1990 required that planning applications were determined in accordance with the Statutory Development Plan unless material considerations indicated otherwise. A made Neighbourhood Plan formed part of the statutory development plan and must therefore be considered in the planning balance. This was timely given the very recent outcome of a major planning inquiry into Willowburn where the inspector had cited the Alwick Neighbourhood Plan as a material consideration and ruled in the Council's favour.

Councillor Bawn asked whether Councillor Riddle would share his concern that there had been some misleading claims that the removal of the core strategy would affect the validity of neighbourhood plans and that a false planning free for all would result. Councillor Riddle agreed it had been mooted that developers would take advantage of the removal of the core strategy, but this had not happened and neighbourhood plans were very important. Eight had been made and twenty three were in progress, and there was a lot of support from communities to get these in place.

Question 8 from Councillor Stewart to Councillor Daley

Could the portfolio holder for Children's Services please confirm that he will make sure Northumberland gets the best deal from the £24 million opportunity fund for the region?

Councillor Daley replied that, in October, the government had announced that £24 million would be provided to boost social mobility in the north-east and raise aspirations for young people through the Opportunity North East scheme. Whilst the Opportunity North East funding was for all 12 north-eastern local authorities, it would be specifically targeted at Northumberland and Tees Valley.

The rationale for the funding was that whilst the north-east had some of the best performing primary schools in the country, secondary school performance was significantly lower than other regions. Fewer 18-year-olds attended the country's top universities than those from any other part of the country, and the North East also had one of the highest proportions of young people not in education, employment or training after year 11. Opportunity North East would aim to tackle these issues by:

- Investing £12 million in targeted approaches to improve the transition from primary to secondary school, to drive up standards – particularly at secondary level – and to improve outcomes for pupils post-16;
- Working with secondary schools and colleges to encourage young people to consider university, degree apprenticeships and other high quality technical education options;
- Partnering with local businesses to improve job prospects for young people across the region; and
- Investing a further £12 million to boost early career training for new teachers and help improve the quality of teaching and raise standards in the region's schools, ahead of roll-out in other regions.

He had met with the DfE to discuss the schools that this would be relevant to in Northumberland, and there would be further reports to Council on this.

Councillor Stewart referred to a recent visit by Councillor Daley to a school in his ward which had required improvement but which was now full of aspirations. He invited Councillor Daley to return to that school to witness the continued improvements and asked that he be kept updated regarding the Opportunity North East Scheme.

Question 9 from Councillor Horncastle to Councillor Oliver

What is this Council doing to promote good social media use?

Councillor Oliver advised that the Social Media Working Group had met on 24 September, and as a result, the social media policy had been updated and circulated to all members. However, he feared this would be a waste of time following a number of scaremongering and misleading posts on the Northumberland Labour blog, and he gave some examples of this. He would like to know who was writing these posts. He had asked the Labour leader and Labour HQ in London, but they both advised it was not them. He urged all members to stop this kind of activity, raise the level of political debate and be honest with residents.

Councillor Horncastle condemned the attacks in social media on officers of the Council who were unable to respond in the same way that members could. This was far more serious and undermined their credibility, and he asked what could be done to stop the misuse of social media, particularly associated with the Northumberland Labour Group. He had been on the receiving end of that recently and the claims which had been made about him had been completely untrue.

Councillor Cartie responded that all members had been subject to inaccurate claims on social media. Councillor Oliver advised that there was nothing he could do as a member to prevent it and instead appealed to members to stop such activity.

Question 10 from Councillor Swinburn to Councillor Daley

Supporting families and children is a core role of this Council. What is being done to support our children's social work teams, and especially, how are we recruiting and retaining staff?

Councillor Daley advised that the Council took its responsibilities to support children and families very seriously, and significant progress had been made in improving services to children, and particularly those which were supported by Children's Social Work Teams. There was now a Service Director in place to lead and support Children's Social Care, and the Council's model for delivery of Social Care Services throughout Northumberland had undergone some changes which had been positively received in the most recent visits and inspection with OfSTED. The Authority was successful in regularly recruiting high quality Social Workers which was a positive reflection that qualified Social Workers saw Northumberland as an attractive employer. Work was ongoing to develop the skill mix and talent management approach for Social Workers. Social Worker training was offered, and innovative approaches to developing new roles within Children's Social Care were being investigated to ensure that the highest quality services for Children and Families were developed.

Councillor Swinburn welcomed the positive action being taken and asked whether a report would be made to FACS OSC on this. Councillor Daley

agreed this could be done, and that the report would also include reference to the social work academy.

45. CABINET MINUTES

The Leader moved the following minutes of Cabinet:-

- (1) Monday 10 September 2018**
- (2) Tuesday 11 September 2018**
- (3) Tuesday 25 September 2018**
- (4) Tuesday 9 October 2018**
- (5) Tuesday 23 October 2018**

and asked members to approve the following resolution as it involved budget and policy framework matters requiring Council approval:-

(i) Minute No. 28(c) 10 September meeting relating to the replacement of Berwick Leisure Centre

Members were advised that the resolutions detailed at agenda item 7(ii) and (iii) did not need Council approval as (ii) was within the agreed budget and (iii) was to be dealt with at item 10 on the agenda.

RESOLVED that:-

(a) the following minutes be received:

- (1) Monday 10 September 2018
- (2) Tuesday 11 September 2018
- (3) Tuesday 25 September 2018
- (4) Tuesday 9 October 2018
- (5) Tuesday 23 October 2018; and

(b) the following resolution be approved as it involves budget and policy framework matters requiring Council approval:-

(i) Minute No. 28(c) 10 September meeting relating to the replacement of Berwick Leisure Centre.

46. COMMITTEE MINUTES

(1) Corporate Services and Economic Growth OSC

These were presented by Councillor Bawn.

With regard to Minute No.22.3 (Council Tax Support), Councillor Grimshaw advised that Labour members had vigorously opposed the proposed change to council tax support as this would drastically affect the poorest people in the County. In view of this, she strongly rejected the suggestion from the

Administration that the Labour Group had intended a £5m cut in its budget and urged the Administration to withdraw the proposal in the face of the imminent implementation of universal credit. She asked how members could possibly support a proposal which would affect the poorest people in society. Councillor Bawn responded that these points had been raised at the Scrutiny meeting when a full debate and vote had taken place. The decision had been made to proceed to consultation, the result of which would be reported back.

Councillor Davey denied that the £5m cut referred to had been in the Labour Administration budget. Councillor Oliver replied that it was within the MTFP in September 2017, meaning it had been agreed as part of the February 2017 budget.

Councillor Dickinson commented that Durham and Northumberland were the only two authorities to maintain 100% council tax support, presumably in recognition of the amount of rural poverty in those areas. He felt it was important to recognise the hidden pockets of rural deprivation and for such a small return, the Council would be spending a lot of effort chasing money that didn't exist.

Councillor Bawn responded that the Authority did have good collection rates, but it was recognised that some would be difficult to collect and the expected collection levels had therefore been factored in. He did not think the emotive language being used by some members was helpful.

Councillor Campbell called for compassion and a further look at this issue as £96 a year was a lot of money to some people. She supported the stance taken by Northumberland and Durham to date and did not want Northumberland to be compared to less generous authorities. She suggested that this be delayed until after the implementation of universal credit.

Councillor Dickinson asked members to remember the families who were struggling, the foodbank volunteers and the families who would be pushed further into debt, rent arrears and eviction. That was the important thing to think about, not the political debate.

Councillor Kennedy felt members should focus on the facts. The proposal would have a severe impact on the most vulnerable who were already struggling after ten years of austerity. The Council had choices to make, but he would not support this proposal.

Councillor Jackson expressed surprise at some of the comments and language being used in the chamber, which he felt was hypocritical. Within the £65m budget deficit had been a proposal in Labour's MTFP to raise £5m through reductions in council tax support, which was five times what was currently being proposed. It would still mean that the Authority was one of the most generous in the country, and a proportionate view was being taken regarding implementation. A consultation period was ongoing and all of the responses would be taken seriously. He urged members to engage in a sensible debate on this going forward.

Councillor Dale advised that she could explain how the £65m figure had been arrived at. The Administration had moved the financial accounting year on one year forward.

RESOLVED that the minutes of the Corporate Services and Economic Growth OSC be received.

(2) Family and Children's Services OSC

These were presented by Councillor Horncastle.

Councillor Bridgett referred to three of the Council's social workers being nominated for national awards and felt this should be recognised by the Leader and Chief Executive of the Council. One of these social workers was from his own division and had been nominated for mental health social worker of the year. The Leader agreed that it would be done.

Councillor Dale referred to the FACS OSC meeting in May where members had referred to a report from the Audit Committee being in her name. This was factually incorrect, and had been written by the then Director of Education and Skills. Councillor Dale asked that this report be included in the FACS OSC work programme as it had significant input into the funding shortages in the County. Councillor Dodd asked Councillor Dale to confine herself to asking questions on the minutes which were actually contained in the agenda.

RESOLVED that the minutes of the Family and Children's Services OSC be received.

(3) Communities and Place OSC

These were presented by Councillor Gallacher, who referred to Minute No.28.1 (Voluntary and Community Sector (VCS) Support Services Commission and advised that the Scrutiny Committee had expressed concern about this proposal at such a critical time, which he did not feel was properly reflected in the report to Cabinet. The Committee had asked for a report in six months to monitor the effects of the proposal.

RESOLVED that the minutes of the Communities and Place OSC be received.

(4) Health and Wellbeing OSC

These were presented by Councillor Watson.

With regard to Minute No. 38 (Health and Wellbeing OSC Work Programme), Councillor Bridgett expressed serious concern that it had been over a year since Rothbury Hospital had been referred to the Secretary of State for Health, and a report made back to the Department for Health by the Authority on 7 June had not yet been responded to. He asked that the Chief Executive, the Leader or the portfolio holder write to the Secretary of State seeking immediate release of the initial assessment. The Leader confirmed this would be done.

RESOLVED that the minutes of the Health and Wellbeing OSC be received.

(5) Health and Wellbeing Board

These were presented by Councillor Dodd.

Councillor Dale asked when the closures at Hexham in the evening would be discussed at this meeting, and Councillor Dodd advised that he reply in writing on that.

RESOLVED that the minutes of the Health and Wellbeing Board be received.

(6) Audit Committee

These were presented by Councillor Hill, who sought clarification of the matters which could be raised under consideration of committee minutes in view of some of the discussion in the Chamber that afternoon. Mr Henry confirmed that members could ask questions and receive answers on matters contained within committee minutes, and that questions did not have to be confined to matters of accuracy on the last minutes only.

RESOLVED that the minutes of the Audit Committee be received.

(7) Standards Committee

These were presented by Councillor Armstrong.

With regard to Minute No. 13(1) (Local Government Ethical Standards: Stakeholder Consultation), Councillor Dale queried whether there was a framework in place. Mr Henry confirmed that the Authority did have arrangements under the Localities Act which had been adopted in 2012.

RESOLVED that the minutes of the Standards Committee be received.

47. MOTIONS

Motion No.1

In accordance with Council Rules of Procedure No.10, Councillor Roughead advised that he wished to alter his motion, received by the Democratic Services Manager on 5 September 2018 and seconded by Councillor Jackson, to the following:-

“To ensure stronger democratic access of Northumberland within the newly created Newcastle City, North Tyneside and Northumberland County Combined Authority, it is proposed that;

(1) Northumberland County Council requests that each of the Local Authorities (Newcastle City Council, North Tyneside Council and Northumberland County Council) have four seats on both the Overview & Scrutiny Committee and the Audit Committee of the Combined Authority. In the case of Northumberland, having four members on each of these committees will not only ensure there be a political balance as is required, but also that there is a much fairer geographical representation by giving all corners of our county a voice within the Combined Authority.

(2) Council should write to Newcastle City Council and North Tyneside Council to inform them that in relation to the scrutiny and audit functions of the Combined Authority, Northumberland County Council is requesting each Local Authority have four seats on the aforementioned Combined Authority Committees to enable a fairer geographical representation of both the urban and rural areas across the Combined Authority area”

Mr Henry advised that the alteration of a motion did not require a seconder or approval, and the motion became, in effect, the substantive motion.

Members supported the altered motion.

RESOLVED that:-

- (a) Northumberland County Council requests that each of the Local Authorities (Newcastle City Council, North Tyneside Council and Northumberland County Council), have four seats on both the Overview & Scrutiny Committee and the Audit Committee of the Combined Authority. In the case of Northumberland, having four members on each of these committees will not only ensure there be a political balance as is required, but also that there is a much fairer geographical representation by giving all corners of our county a voice within the Combined Authority; and
- (b) Newcastle City Council and North Tyneside Council be informed that, in relation to the scrutiny and audit functions of the Combined Authority, Northumberland County Council requests that each Local Authority has four seats on the aforementioned Combined Authority Committees to enable a fairer geographical representation of both the urban and rural areas across the Combined Authority area.

Motion No.2

In accordance with Council Rules of Procedure No.10, Councillor Watson moved the following motion, received by the Democratic Services Manager on 5 September 2018 and seconded by Councillor Oliver:-

“With the United Kingdom of Great Britain and Northern Ireland scheduled to leave the European Union as a Member State on 29th March 2019, it is therefore proposed that Council establish a Cross - Party Working Group to act as a forum within the authority to discuss and consider in advance what impacts and opportunities leaving the European Union as a Member State will have upon Northumberland County Council”.

Members supported the motion.

RESOLVED that, in view of the decision for the United Kingdom of Great Britain and Northern Ireland to leave the European Union as a Member State on 29th March 2019, a cross party Working Group be established to act as a forum within the Authority to discuss and consider in advance what impacts and opportunities leaving the European Union as a Member State will have upon Northumberland County Council.

Motion No.3

In accordance with Council Rules of Procedure No.10, Councillor Jackson moved the following motion, received by the Democratic Services Manager on 5 September 2018 and seconded by Councillor Daley:-

“With the County of Northumberland falling between Newcastle-upon-Tyne to the South and Edinburgh, the Scottish capital to the North, and connectivity being an issue of interest and importance to communities located within the Edinburgh to Newcastle region, it is therefore proposed that;

the Leader of the Council, Councillor Peter Jackson write to and invite the First Minister of Scotland, the Scottish Cabinet Secretary for Rural Economy & Connectivity, the Council Leaders (Newcastle, North Tyneside, Scottish Borders, Edinburgh, Midlothian and East Lothian) and the Interim Mayor of the Newcastle City, North Tyneside and Northumberland County Combined Authority to a meeting to establish a 'Leaders Forum' whereby connectivity and issues pertaining to the wider geographical area can be discussed.”

Councillor Jackson advised that the collaboration between the five Councils on the Borderlands growth deal had been a really interesting process, dealing with both the UK government and more recently the Scottish Government. There was such a degree of disconnect between England and Scotland, and between east and west, he felt it would be beneficial to have a proper forum to discuss issues which affected the whole Borderlands region.

Councillor Davey commented that there was already a commitment from both governments to do this and that the forum was already part of the debate. The

issue raised in the motion was one for the NoT Combined Authority to decide, not the County Council.

Councillor Jackson replied that this was just a start. There was more to be discussed than just what was contained within the Growth Deal such as transport inter-connectivity. This working group would be a good strategic way forward, but that he was happy to take the issue to the Combined Authority as well.

Councillor Hill commented that there was a huge democratic deficit in the Combined Authority arrangements, with no consultation with the public and no evidence that they wanted it. She felt that the case did not stack up, particularly with regard to the mayor, who would have significant powers.

The Leader responded that this was an extension of what was already being done through the Borderlands Growth Deal and would help to push it along and have a more positive effect.

On the motion being put to the vote, there voted **FOR: 36; AGAINST: 0; ABSTENTIONS: 20.**

It was therefore **RESOLVED** that the Leader of the Council invite the First Minister of Scotland, the Scottish Cabinet Secretary for Rural Economy & Connectivity, the Council Leaders (Newcastle, North Tyneside, Scottish Borders, Edinburgh, Midlothian and East Lothian) and the Interim Mayor of the Newcastle City, North Tyneside and Northumberland County Combined Authority to a meeting to establish a 'Leaders Forum' whereby connectivity and issues pertaining to the wider geographical area can be discussed.

48. REPORT OF THE EXECUTIVE DIRECTOR OF FINANCE AND DEPUTY CHIEF EXECUTIVE

Advance Northumberland - Transition from Arch

The report set out the steps required to transfer the business activities of Arch (Corporate Holdings) Ltd to a new entity, Advance Northumberland Ltd. The financial transactions required, and the impact on the Council as the ultimate parent, were analysed within the report.

Councillor Oliver commented that this report represented a landmark in the Council's history. Arch had been an organisation out of control spending public money. Three issues of concern - profligate spending on hospitality, risky investments and speculative property schemes and poor governance with unclear separation of responsibilities - had been taken very seriously. There had been a thorough investigation, referrals to the Police with resultant action, new governance procedures put in place, a detailed operating agreement was being developed and a brand new company, Advance Northumberland Ltd had been created, focussing on economic regeneration to improve the lives of

residents. He stressed that the net cost of the transactions in the report would be nil and read out the report's recommendations.

Councillor Davey commented that a decision could only be made on this when members had all the facts. This was about a change in a large company owned by the Council, and the company had not yet released its first year accounts, but the last year's accounts could be obtained from when Labour were the Administration. Therefore, no comparisons could be made between what had been a very large regional company to one operating only within the County of Northumberland. There was no information about how it would deliver the combined authority or the LEP. He was concerned about the costs associated with reducing the size of the company, and that what would be left to work with would mean a significantly reduced ratio of return. He was also concerned about lack of member involvement in the new governance arrangements, and did not feel there was enough information in the report on which to make a decision. The company had been so drastically reduced in size, members did not know where it sat.

Councillor Bridgett agreed that there was not enough information to make a decision given the size of the company and advised he would abstain from any vote.

Councillor Oliver responded that members were perhaps under a misapprehension. This was merely a triangular financial transaction, the net result of which was nil. There had been no fire sale of assets as most of them were now worth less than when they had been purchased. Nor had there been any delivery of profits to spend on services. The key point was that an assessment had been made by officers of the net assets.

Councillor Dale commented that there had to be some costs associated with this change, even changing company names had a cost. However, her real concern was about the treatment of officers, despite the lack of any report of wrongdoing by officers. She did not think that changing the company's name would get rid of the past.

Councillor Wearmouth advised that this report was about putting right one of the significant wrongs under the previous Administration. It was about investment, and he commended the staff for the fantastic job they had done in difficult circumstances. He referred to reports which had already been made in the media about past issues within the company, adding that there would probably be more to come, and he refused to be taken to task for calling out wrongdoing.

Councillor Pidcock commented that he had not been involved with the company but as an observer he took his responsibilities as a member very

seriously. He was dismayed that what had happened in the past had been portrayed as being corrupt. The relationship between members and officers had been borne out of a need to reduce the effect on service delivery, and not the true picture of honest people trying to minimise the worst effects of austerity.

Councillor Oliver appreciated these comments. However, there had been some genuine concerns about some things which had been left out, even if the motives had been correct.

Councillor Grimshaw queried how much had been spent on the investigation as she understood £300,000 had been spent so far. Councillor Oliver did not recognise that figure but advised that whatever was needed would be spent to get to the truth.

Councillor Hill welcomed the demise of Arch and was astounded that people were still prepared to defend it. The lack of governance arrangements had been staggering, leading to lack of public confidence, so it was very important that the new governance arrangements were fit for purpose. Councillor Oliver accepted this and was happy to work with opposition members. He felt this could be a huge success and provide opportunities for the young people of the County.

Councillor Kennedy commented that this was just assets moving around and in reality, it was simply a name change. He queried why the name could not just be changed as he felt that had to be some cost involved in what was proposed. Councillor Oliver replied that simply changing the name of the same company would not restore the reputational damage which had been caused.

Councillor Campbell expressed her concern at some of the accusations and comments which had been made, which reflected badly on all members in a public forum. No-one had explained what the problems had actually been.

Councillor Dunn asked for more detail about the expected staffing levels across the organisation. Councillor Dunn was pleased to hear that staffing was recognised as an important issue, and queried whether there was a possibility of voluntary redundancy as mentioned in the implications section. Councillor Oliver advised that he could not speak of the reorganisation plans, but there were no plans to require voluntary redundancy. Councillor Wearmouth confirmed that there were no plans to shed staff, in fact it was hoped to take on more. He was happy to discuss initiatives in Lynemouth with Councillor Dunn as she requested.

Councillor Oliver advised that there had been some communication of the issues where this was possible, in both public and private forums, including reports to the Audit Committee and all kinds of referrals. He would keep everyone informed as soon as he could. Regarding staffing levels, the subsidiary companies were being moved across to the new holding company and they would be TUPE'd across so there were no plans to make any staff changes as far as he was aware. Regarding the accounts, the Directors of

Arch would have to answer this, but he expected the accounts would be published fairly shortly.

The Leader advised that reports had been to the Audit Committee to provide information, but what had not been explained in the chamber was why these changes had been brought about or why the Administration were worried about the situation. The company had been set up originally for housing and regeneration work but it had become a speculative Ponzi scheme. No dividend had ever been paid to the County Council to support services and Arch had become a net cost to the Authority, because it hadn't been paying back its full amount of capital repayments and interest on its loans. The net assets were around £350m, with borrowing of £300m, leaving a net balance of around £50m. The previous leader had intended to increase borrowing by around £450m over the next three years. Any reduction in property values or increase in rates, and the company would have collapsed into administration and bankruptcy. Governance issues had also been of great concern, such as investment decisions being taken away from the Board and given to an investment committee made up of the previous Leader, Deputy Leader and Chief Executive, which he had objected to very strongly.

The decision to spend £120m on a shopping centre had been based on very scant information and the problems were emerging now about the difficulties in managing a shopping centre. He advised that members would receive the accounts in due course and these would show a depreciation of assets in this year alone of over £4m, and this would probably get worse.

Councillor Davey took members through the 2016-17 Arch accounts including the following details, which had been signed off by Councillor Wearmouth:-

Charitable contribution of £1m to AN in 2016-16 and 2016-17
Turnover increase from £10.3m to £22.4m
Gross profit increasing from £7.1m to £16.7m
Substantial increase in fixed asset value from £137m to £318m
Shareholder funds increased by £6.6m to £60m
Inward investment and strategic management had contributed to the leverage of £43m
Profit achieved of £5.5m

He felt the Administration was destroying a very successful company just because they had included it in their manifesto.

Councillor Oliver commented that Councillor Davey had referred to gross, not net profit, to asset values, not borrowing, capital repayments or gearing. Arch had not been a financially solid company and Councillor Davey should have understood that as a director.

Councillor Wearmouth remarked that this was about a new start for this company and urged members not to waste any more time getting it in place.

On the report's recommendations being put to the vote there voted **FOR: 35; AGAINST: 0; ABSTENTIONS: 21**. It was therefore **RESOLVED** that:-

1. the steps required to transfer the assets, liabilities and trading operations of Arch (Corporate Holdings) Ltd to Advance Northumberland Ltd be noted;
2. the purchase by the Council of additional share capital in Advance Northumberland Ltd. totalling £3.3 million be approved;
3. the proposed purchase of the subsidiaries of Arch (Corporate Holdings) Ltd. by Advance Northumberland Ltd. for £3.3m be noted;
4. the purchase by the Council of additional share capital in Advance Northumberland Ltd. totalling £0.9 million representing the nominal value of trade and assets be approved;
5. the proposed purchase of Arch (Corporate Holdings) Ltd. trade and assets at a nominal value of £0.9 million by Advance Northumberland Ltd be approved;
6. It be noted that an amount equivalent to the share, trade and asset purchase (£4.2 million) will be returned to Northumberland County Council via a dividend payment upon the dissolution of Arch (Corporate Holdings) Ltd; and
7. the agreement of any variation in the share purchase value and purchase of trade and assets be delegated to the Chief Executive and Executive Director of Finance in consultation with the Portfolio Holder for Corporate Services.

49. REPORT OF THE INTERIM DIRECTOR OF PLACE

Gambling Act 2005 - Review of the Statement of Principles

Council was asked to consider the revised policy. The report was introduced by Councillor Riddle who referred to the main points of the report

With regard to paragraph 14 of the Draft Statement of Principles (Fixed Odds Betting Terminals), Councillor Davey asked that this element be looked at again with a view to it being prohibited in Northumberland. He believed this could be legally achieved.

The Leader agreed that a closer look at this element would be a good idea, though he was happy with the rest of the policy. Councillor Riddle confirmed that this element could be taken back to Committee for examination and the policy implemented in the meantime.

RESOLVED that the revised policy be approved, as recommended by the Licensing Committee on 23 October 2018, and as a separate piece of work on options for the management and control of FOBT's be reviewed, with a future

report made to the Licensing Committee, including any recommendations to amend the policy at a subsequent date.

50. APPOINTMENTS

RESOLVED that the following nominations be made:

(1) North of Tyne Combined Authority

(i) **Cabinet** - two members (P. Jackson/W. Daley) with substitutes (C. Homer/N. Oliver)

(ii) **Overview and Scrutiny** - three members with substitutes (2 Con (G. Routhead/G. Stewart): 1 Lab (G. Davey). **Substitutes** - R. Dodd/B. Flux (Con), S. Dungworth (Lab)

(iii) **Audit and Standards** - three members with substitutes (2 Con (M. Swinburn/J.Watson): 1 Lab (S. Dickinson). **Substitutes** - C. Seymour/J.I. Hutchinson (Con), M.Richards (Lab)

The appointments under (ii) and (iii) above are based on political balance across the new combined authority area

(2) Joint Transport Committee

(i) **Overview and Scrutiny Committee - two members (2 Con) plus two substitutes** H.G.H. Sanderson/G. Castle. **Substitutes** - R. Gibson/G. Stow

(ii) **Audit - one member (to be a member of the Combined Authority's Audit Committee) (1 Con) plus one substitute** M. Swinburn
Substitute - J.G. Watson

(3) Family and Children's Services OSC

RESOLVED that, following a change in membership of FACS OSC, Councillor M. Swinburn be elected as Vice Chair of FACS OSC.

51. JANUARY 2019 COUNCIL MEETING

Council was asked to agree a change in the deadlines for submission of member questions to allow for the Christmas holidays, in common with the previous year.

RESOLVED that the deadline for submission of motions, public questions and member questions for 9 January 2019 Council be **noon on Wednesday 19 December 2018**.

The Common Seal of the County Council
of Northumberland was hereunto affixed
in the presence of:-

.....
Chair of the County Council

.....
Duly Authorised Officer