



Northumberland County Council

Your ref:

Our ref:

Enquiries to: Karon Hadfield

Email: karon.hadfield@northumberland.gov.uk

Tel direct:

Date: 28 March 2024

Dear Sir or Madam,

Your attendance is requested at a meeting of the **CABINET SHAREHOLDER COMMITTEE** to be held in **COUNCIL CHAMBER - COUNTY HALL** on **TUESDAY, 9 APRIL 2024** at **10.30 AM**.

Yours faithfully

Dr Helen Paterson
Chief Executive

To Cabinet Shareholder Committee members as follows:-

W Ploszaj, G Sanderson and R Wearmouth

D. Bawn (Observer)

J. Reid, R. Earl (Advance Northumberland)

Officers - H. Paterson, J. Willis, S. Gerrard, S. Neilson



Dr Helen Paterson, Chief Executive
County Hall, Morpeth, Northumberland, NE61 2EF
T: 0345 600 6400
www.northumberland.gov.uk



AGENDA

PART I

It is expected that the matters included in this part of the agenda will be dealt with in public.

1. APOLOGIES FOR ABSENCE

2. MINUTES

(Pages 1
- 4)

Minutes of the meeting of the Cabinet Shareholder Committee held on 7 November 2023, as circulated, be confirmed as a true record and signed by the Chair.

3. DISCLOSURES OF MEMBERS INTERESTS

Unless already entered in the Council's Register of Members' interests, members are required where a matter arises at a meeting;

a. Which directly relates to Disclosable Pecuniary Interest ('DPI') as set out in Appendix B, Table 1 of the Code of Conduct, to disclose the interest, not participate in any discussion or vote and not to remain in room. Where members have a DPI or if the matter concerns an executive function and is being considered by a Cabinet Member with a DPI they must notify the Monitoring Officer and arrange for somebody else to deal with the matter.

b. Which directly relates to the financial interest or well being of a Other Registrable Interest as set out in Appendix B, Table 2 of the Code of Conduct to disclose the interest and only speak on the matter if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain the room.

c. Which directly relates to their financial interest or well-being (and is not DPI) or the financial well being of a relative or close associate, to declare the interest and members may only speak on the matter if members of the public are also allowed to speak. Otherwise, the member must not take part in discussion or vote on the matter and must leave the room.

d. Which affects the financial well-being of the member, a relative or close associate or a body included under the Other Registrable Interests column in Table 2, to disclose the interest and apply the test set out at paragraph 9 of Appendix B before deciding whether they may remain in the meeting.

e. Where Members have or a Cabinet Member has an Other Registerable Interest or Non Registerable Interest in a matter being considered in exercise of their executive function, they must notify the

Monitoring Officer and arrange for somebody else to deal with it.

NB Any member needing clarification must contact monitoringofficer@northumberland.gov.uk. Members are referred to the Code of Conduct which contains the matters above in full. Please refer to the guidance on disclosures at the rear of this agenda letter.

4. REPORT OF THE EXECUTIVE DIRECTOR OF TRANSFORMATION AND RESOURCES AND S151 OFFICER (Pages 5 - 48)

Advance Northumberland review of articles of association and operating agreement

To seek the Committee's approval for revised Articles of Association of Advance Northumberland.

5. REPORT OF THE EXECUTIVE DIRECTOR OF TRANSFORMATION AND RESOURCES AND S151 OFFICER (Pages 49 - 52)

Advance Northumberland Business Plan 2024-25

To review and comment on the draft business plan for 2024-25 and to authorise the shareholder representative to give formal approval for the plan.

6. URGENT BUSINESS

To consider such other business as, in the opinion of the Chair, should, by reason of special circumstances, be considered as a matter of urgency.

7. EXCLUSION OF PRESS AND PUBLIC

The Committee is invited to consider passing the following resolution:

(a) That under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items on the Agenda as they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the 1972 Act, and

(b) That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:-

Agenda Item - 8-9

Paragraph of Part I of Schedule 12A - 3

Information relating to the financial or business affairs of any particular person (including the authority holding that information).

AND The public interest in maintaining this exemption outweighs the public interest in disclosure because disclosure could adversely affect the

business reputation or confidence in the person/organisation and could adversely affect commercial revenue.

8. **REPORT OF THE EXECUTIVE DIRECTOR OF TRANSFORMATION AND RESOURCES AND S151 OFFICER** (Pages 53 - 92)
3
Advance Northumberland Business Plan 2024-25

To consider confidential appendices in respect of item 5 on this agenda.

9. **REPORT OF THE EXECUTIVE DIRECTOR OF TRANSFORMATION AND RESOURCES AND S151 OFFICER** (Pages 93 - 100)
3
Advance Northumberland Finance Update for the 9 months ending December 2023

The purpose of the report is to provide a summary of the financial performance of Advance Northumberland Ltd and its subsidiary companies for the period 1 April 2023 to 31 December 2023.

IF YOU HAVE AN INTEREST AT THIS MEETING, PLEASE:

- Declare it and give details of its nature before the matter is discussed or as soon as it becomes apparent to you.
- Complete this sheet and pass it to the Democratic Services Officer.

Name:		Date of meeting:	
Meeting:			
Item to which your interest relates:			
Nature of Interest i.e. either disclosable pecuniary interest (as defined by Table 1 of Appendix B to the Code of Conduct, Other Registerable Interest or Non-Registerable Interest (as defined by Appendix B to Code of Conduct) (please give details):			
Are you intending to withdraw from the meeting?		Yes - <input type="checkbox"/>	No - <input type="checkbox"/>

Registering Interests

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in "The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012". You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registerable Interests)**.

"Disclosable Pecuniary Interest" means an interest of yourself, or of your partner if you are aware of your partner's interest, within the descriptions set out in Table 1 below.

"Partner" means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A 'sensitive interest' is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a 'sensitive interest' you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest, just that you have an interest.

Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.

5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

Disclosure of Other Registerable Interests

6. Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registerable Interests (as set out in **Table 2**), you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Disclosure of Non-Registerable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in **Table 1**) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
8. Where a matter arises at a meeting which **affects** –
- a. your own financial interest or well-being;
 - b. a financial interest or well-being of a relative or close associate; or
 - c. a financial interest or wellbeing of a body included under Other Registrable Interests as set out in **Table 2** you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied
9. Where a matter (referred to in paragraph 8 above) **affects** the financial interest or well- being:
- a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
 - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise, you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

Where you have an Other Registerable Interest or Non-Registerable Interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

This page is intentionally left blank

The Executive Director detailed the key points from the report. The new non-executive directors had now been appointed to the Board so it was timely for the Articles to be reviewed to bring them into line with the principles of the Cabinet decision and best practice.

There were currently 52 Reserved Matters. The proposal was to reduce this to 37, as many of them were set out in company law. The requirement to seek approval before applying to NCC for any loans, and a number of day to day issues, would in future be matters for the Board and not the Shareholder. The final version of the revised Articles would be presented to the Advance Board on 24th November and following their approval, would be submitted to the Shareholder Committee for formal adoption. The Operating Agreement would then be updated, and work had begun on this already.

Councillor Wearmouth welcomed the work detailed in the report which would ensure that the governance arrangements on the Council side were satisfactory. The report reflected much of what the Administration wanted to achieve with Advance in terms of the Board composition also. He thanked the Executive Director and Advance for their work on this.

RESOLVED that the report be noted.

10. REPORT OF THE EXECUTIVE DIRECTOR OF TRANSFORMATION AND RESOURCES

Advance Northumberland Recruitment of Chief Executive Officer

The report informed the Committee of the resignation of the Group Executive Director of Advance Northumberland and the process and timetable for recruitment of his successor (Appendix B).

Mr Earl advised members that Advance was now in a great place and he felt the time was right for him to pursue other interests and to spend more time with his family.

The Leader commented that he and his colleagues supported Mr Earl in his decision, which he knew had been a personal one, and he thanked him for his work.

11. PRESENTATION FROM THE GROUP EXECUTIVE DIRECTOR

The Committee received a presentation from the Advance Northumberland Group Executive Director on progress against the Business Plan.

Mr Earl made a detailed presentation to the Committee which covered the following issues:-

- Business Priorities Overview
- Business Plan Progress Overview
- Business Context Factors

- AN Projects Update
- Ascent Homes Update
- AN Homes
- Economic Growth and Investments Update
- Commercial and Workspace Update

The Leader asked whether this update would be taken to Scrutiny. Mr Earl advised that they were next due to attend in March and could make an updated presentation then.

The Leader also asked about investment outside of the County. Mr Earl replied that there were no live projects outside of the County, though there some legacy assets. He reminded members that the company could only operate outside of the County for commercial profit. The company was working with North Tyneside Council on a digital project at the moment.

In response to a question from the Leader regarding recruitment to the Group Executive Director position, Ms Willis reported that shortlisting was due to take place on 17 November and interviews on 4 December. The Council would be represented by Councillor Ploszaj and Councillor Reid would chair the interview panel in his capacity as Chair of the Advance Board. Two non-executive Board Directors would also sit on the panel. It was hoped to make an appointment before Christmas to allow time for a full handover.

Members wished Mr Earl well for the future and thanked him for his efforts during a very difficult period.

12. FUTURE MEETINGS

RESOLVED that the next meetings of the Committee take place on 12 March 2024 and 11 June 2024 at 10.30, or on the rising of Cabinet. Further dates would be included in the 2024-25 timetable of meetings on a quarterly basis, to be agreed by Council in May 2024.

13. EXCLUSION OF PRESS AND PUBLIC

RESOLVED

- That under Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting during consideration of the following items on the Agenda as they involve the likely disclosure of exempt information as defined in Part I of Schedule 12A of the 1972 Act, and
- That the public interest in maintaining the exemption outweighs the public interest in disclosure for the following reasons:-

Agenda Item Paragraph of Part I of Schedule 12A

10-11	3 - Information relating to the financial or business affairs
-------	---

of any particular person (including the authority holding that information).

AND The public interest in maintaining this exemption outweighs the public interest in disclosure because disclosure could adversely affect the business reputation or confidence in the person/organisation and could adversely affect commercial revenue.

14. REPORT OF THE EXECUTIVE DIRECTOR OF TRANSFORMATION AND RESOURCES

Advance Northumberland Finance Update for the 6 months ending September 2023

The report provided a summary of the financial performance of Advance Northumberland Ltd and its subsidiary companies for the period 1 April 2023 to 30 September 2023 (Appendix C, coloured pink and marked Nor for Publication).

The Executive Director reported that financial performance was behind budget at the moment. Various issues had impacted on this, but she expected some recovery during the second half of the year.

RESOLVED that the report be noted.

15. REPORT OF THE EXECUTIVE DIRECTOR OF TRANSFORMATION AND RESOURCES

Newcastle Airport

The report updated the Shareholder Group with the intentions of the private shareholder at Newcastle International Airport (the Airport) to sell its shareholding and sought agreement regarding any further future investment in the Airport by the Council (Appendix D, coloured pink and marked Not for Publication).

The Executive Director detailed the key points of the report. The preferred option was to maintain the status quo, for the reasons set out in the report.

RESOLVED that the Committee agreed that the Council does not take up the offer to purchase additional shares in Newcastle International Airport.

CHAIR.....

DATE.....



Northumberland County Council

SHAREHOLDER CABINET COMMITTEE

9 April 2024

Advance Northumberland Review of Articles of Association and Operating Agreement

Report of Jan Willis, Executive Director of Transformation and Resources and S151 Officer

1. Purpose of the Report

- 1.1. To seek the Committee's approval for revised Articles of Association of Advance Northumberland.

2. Recommendations

- 2.1. To approve the revised Articles of Association.

3. Link to the Corporate Plan

- 3.1. This report is consistent with the priorities in the Corporate Plan 2023-26 "Achieving Value for Money".

4. Key Issues

Articles of Association

- 4.1. The current Articles of Association were adopted by way of Special resolution on 22nd July 2022. They are a public document available at Companies House.
- 4.2. Cabinet, on 13th December 2022, issued its "Council-Owned Company Framework (December 2022)" and approved the principles that "the Advance Board transition to a structure which sees an increase in the number of independent non-executive Directors to make up at least half of the Board, to provide expertise and skill in leading the Company, allowing commercial and operational agility, whilst retaining assurance in respect of the public investment via one democratically elected member Director and one Council Officer Director".
- 4.3. In early 2023 the Company undertook an external recruitment exercise and appointed four new Independent Non-Executive Directors in April 2023. Councillor Jeff Reid was appointed Chair of Advance and, following the appointment of the new Independent Non-Executive Directors, all other Member Directors resigned from the Board. Kelly Gardner and Philip Hunter remain as Council Officer Directors. Group

Executive Director, Robin Earl, and Executive Director of Governance & Sustainability, William Thompson complete the Board.

- 4.4. Following Cabinet's intention to allow the Company greater commercial and operational agility, and with a new Board in place, a review of the Articles has been initiated with the involvement of the Council's shareholder representative, with the intention of providing appropriate freedom to the Board to run the Company on a day to day basis, whilst still retaining the overarching need for Shareholder approval on certain strategic and operational matters.
- 4.5. The Company instructed specialist solicitors to prepare a set of proposed new Articles to reflect most up to date practice regarding company Articles, whilst retaining the requirement for "Reserved Matters" that can only be executed with Shareholder approval.
- 4.6. At its meeting on 7 November 2023 the Committee was informed of the work being undertaken to update the company's Articles of Association and operating agreement. The revised Articles were subsequently approved by the Advance Northumberland Board on 24 November 2023 and shareholder approval is now sought, which must be enacted by way of a special written resolution. The revised Articles are attached at Appendix A to this report.
- 4.7. One of the key proposed changes to the Articles will be the Quorum provisions. Current Quorum requirements, under Article 16.1, require a majority of Directors to be present but also demand that there must be "... one Member Director and two Non-Member Directors (one of which must be an Officer Director) ..." present at a board Meeting for a quorum to be achieved. This has placed particular pressure on the Chair as the only Member Director and the two Council Officer Directors.
- 4.8. Proposed Article 6.4 provides for a much simpler mechanism, which reflects the new Board composition. There will still need to be a majority of Directors present, but the only further requirement is that at least one Independent Non-Executive Director is present. If the proposed Article 6.4 is adopted, that will enable the Board to be reduced to one Council Officer Director, as had been anticipated by Cabinet in December 2022, without putting undue pressure on the Officer Director to be present at every Board.
- 4.9. The Board has found both Officer Directors' involvement highly useful, insightful and beneficial. It is partly for that reason that there is proposed a novel Article 9, which would allow (though not demand) a named person to be recorded as an "Alternative Director". This would allow for one such person to be nominated and approved by the Shareholder as a substitute for any Director, to enable an otherwise inquorate meeting to go ahead, and keep the benefit of the Officer Director's experience and understanding of the Company.
- 4.10. As the Company is owned 100% by the Council, to simplify the process for Board appointments that remain always subject to Shareholder approval as a Reserved Matter, it is expressly allowable under the proposed Articles that this can be effected

by way of letter from the Shareholder, rather than the need for an Ordinary Resolution that is more appropriate to companies with multiple shareholders.

4.11. The existing Articles demand the agreement of a Dividend Policy which could restrict the Board's discretion. The proposed new Articles remove this obligation and simply reflect usual corporate practice where the Board can recommend a dividend, if appropriate, whilst always requiring the Shareholder approval for the payment of a dividend by way of Ordinary Resolution as is the usual law anyway.

4.12. Other than these highlighted matters, there is no material difference between the core text of the proposed Articles and the current Articles.

4.13. As for the "Reserved Matters", there are currently 52 listed Reserved Matters. Several reflect the position in Company Law and so do not need to be expressly set out. The revised list numbers 37 and, together with the core text of the Articles and the operation of law, reflect the previous restrictions save for the following matters which will no longer be "Reserved Matters" and will only be matters for the Board, remembering always that they must always act in the best interests of the Company:

- Approval before applying to NCC for any loans
- Approval of a Dividend Policy
- Altering the authorised signatories on the bank mandate
- Approval of the Procurement Policy
- Approval of projects that receive grant funding
- Authorising suspension or closure of a building, office or construction site other than for imminent health & safety threat to life or injury
- Material changes to the management and control structure of the Company or Group
- Approving the recruitment and remuneration of Consultants
- Agreeing the remuneration of senior management positions
- Approving pay structures, increases and cost of living pay awards
- Approving increases to pension contributions made by the Company
- Settlement of legal claims below £250,000

4.14. Scenario testing has been undertaken to which of those matters that are currently defined as "Reserved Matter requests" would no longer require shareholder approval under the proposed new Articles. There were 46 Reserved Matter Requests in the period since April 2023, of which only 15 would require Reserved Matters Consent - plus a 16th that would still require Shareholder Approval under the Law, rather than through the Articles. Details are included in the attached Appendix B. The reduction in numbers has primarily come from the removal of the need to ask for shareholder consent for:

- seeking loans from NCC
- accepting Grant funding from any source
- any matter regarding the Residential Management Companies set up as part of housing development schemes

- sales of property (as not material).

4.15. As referred to the Notes section of Appendix B, the number of Reserved matters requests will be reduced by identifying the intended projects and associated budget allocations with required approvals and plans in the Business Plan and MTFP. It will continue to be the case that if a new opportunity or project change arises during the year, specific Reserved Matter approval as a departure from the approved Business Plan will be required if the expenditure is above £250k on its own or £500k on a cumulative basis.

Policy	None.
Finance and value for money	Effective oversight of Council owned companies is required to ensure compliance with the Council's best value duty. This includes ensuring that there are up to date articles of association and operating agreements in place.
Legal	As an executive function it falls to the Shareholder Committee to confirm the shareholder's approval
Procurement	None.
Human Resources	None.
Property	None.
Equalities	None.
Risk Assessment	None.
Crime & Disorder	None.
Customer Considerations	None.
Carbon Reduction	None.
Health & Wellbeing	
Wards	All.

Background Papers:

Report sign off:

	Name
Monitoring Officer/Legal	Stephen Gerrard
Executive Director of Transformation and Resources &	Jan Willis

S151 Officer	
Chief Executive	Helen Paterson
Portfolio Holder(s)	Wojciech Ploszaj

Report Author:

Jan Willis, Executive Director of Transformation and Resources

(01670) 624783

jan.willis@[northumberland.gov.uk](mailto:jan.willis@northumberland.gov.uk)

COMPANY NO. 11161983

**THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION
of
ADVANCE NORTHUMBERLAND LIMITED**

Incorporated on 22 January 2018

Adopted by a written resolution passed on [●] December 2023

COMPANY NO. 11161983

THE COMPANIES ACT 2006
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION
OF
ADVANCE NORTHUMBERLAND LIMITED

Incorporated on 22 January 2018

(Adopted by a written resolution passed on [●] December 2023)

1. DEFINED TERMS AND INTERPRETATION

1.1 Definitions

In these Articles:

the Act	the Companies Act 2006.
Articles	the articles of association of the Company as originally adopted and as altered or amended from time to time.
Alternate or alternate director	any person appointed pursuant to Article 9.1.
Associated Company	a Company (other than a subsidiary) in which the Company has an interest.
bankruptcy	includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy.
Business Day	means a Day (other than a Saturday and a Sunday) on which banks generally are open for business in London.
Business Plan	the business plan and budget of the Group including any variations and any subsequent business plan and budget of the Group approved by the Controlling Shareholder.
Shareholder Cabinet Committee	the sub-committee of the Council's Cabinet established to exercise executive responsibility for the Council's functions as corporate shareholder of the Company.
capitalised sum	is defined in Article 15.1.1(b).
chair	has the meaning given in Article 6.5.
chair of the meeting	has the meaning given in Article 11.6.
Companies Acts	means the Companies Acts (as defined in section 2 of the Act), in so far as they apply to the Company and every other statute and statutory instrument (including any orders, regulations or other subordinate legislation made under them) for the time being in force

	concerning companies and affecting the Company.
Company	Advance Northumberland Limited.
Conflict	is defined in Article 6.9.1.
Controlling Shareholder	the registered holder and/or beneficial owner for the time being of the entire issued share capital of the Company.
Controlling Shareholder Representative	any individual appointed by the Controlling Shareholder from time to time to act on behalf of the Council in its capacity as a member of the Company.
Council	Northumberland County Council or any body that replaces it pursuant to any applicable law or regulation.
Day	a period of 24 hours beginning and ending on 00.00 midnight.
director	a director, for the time being, of the Company and includes any person occupying the position of director by whatever name called.
distribution recipient	has the meaning given in Article 14.2.2.
document	includes, unless otherwise specified, any document sent or supplied in electronic form.
electronic address	means any number or address used for the purpose of sending or receiving notices, documents or information by electronic means.
electronic form	has the same meaning as in section 1168 of the Act.
electronic means	has the same meaning as in section 1168 of the Act.
eligible director	a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter).
executed	includes, in relation to a document, execution under hand or under seal or by any other method of execution permitted by law or, in the case of a document sent or supplied in electronic form, by electronic signature.
Financial Year	a financial accounting period of 12 months ending on the Company's accounting reference date.
fully paid	in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;
Group	the Company and any of its subsidiaries from time to time and any other member of the Group shall be construed accordingly.
hard copy form	has the meaning given in section 1168 of the Act.
holder	in relation to a share or shares, the person whose name is entered in the register of members as the holder of that share or shares.
Independent Director	a director who is not an employee or an elected member of the Controlling Shareholder or an employee of the Company or any

	other member of the Group.
instrument	a document in hard copy form.
Medium Term Financial Plan	the three year rolling plan for the Group as approved by the Controlling Shareholder from time to time.
member	has the meaning given in section 112 of the Act.
Month	a calendar month.
ordinary resolution	has the meaning given in section 282 of the Act.
participate	in relation to a directors' meeting, has the meaning given in Article 6.3.
persons entitled	is defined in Article 15.1.1(b).
proxy notice	has the meaning given in Article 12.4.1.
Relevant Agreement	any shareholder agreement entered into between the Company and the Controlling Shareholder to govern the operation of the Company or any other member of the Group or any other agreement or document that the Company and the Controlling Shareholder agree shall be such an agreement.
Reserved Matters	those matters set out in Schedule 1 that are reserved for the written approval of the Controlling Shareholder under Article 5.3.1.
secretary	any person appointed by the directors to perform the duties of the secretary of the Company from time to time.
Shares	shares in the Company.
special resolution	has the meaning given in section 283 of the Act.
subsidiary	in relation to a company wherever incorporated (a holding company) means subsidiary as defined in section 1159 of the Act and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c) of the Act, as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) its nominee. Unless the context requires otherwise, the application of the definition of subsidiary to any company at any time shall apply to the company as it is at that time.
transmittee	a person entitled to a share by reason of the death or bankruptcy of a member or otherwise by operation of law.
United Kingdom	Great Britain and Northern Ireland.
writing	the representation or reproduction of words, symbols or other information in a visible form by any method or combination methods, whether sent or supplied in electronic form or otherwise.
Year	a calendar year.

1.2 Interpretation

In these Articles:

- 1.2.1 save as defined in Article 1.1 and unless the context otherwise requires, words or expressions bear the same meaning as in the Act in force on the date when these Articles become binding on the Company;
- 1.2.2 any reference to an **Article** shall be construed as a reference to the relevant article of these Articles unless expressly provided otherwise;
- 1.2.3 a reference to any statute, statutory instrument or provision of a statute or statutory instrument includes a reference to any statutory modification or re-enactment of it for the time being in force;
- 1.2.4 references to the execution of a document in electronic form include references to it being executed by such means as the board of directors may from time to time approve (including for the purpose of establishing the authenticity or integrity of the relevant document);
- 1.2.5 unless otherwise specified or the context otherwise requires:
 - (a) words in the singular include the plural, and vice versa;
 - (b) words denoting any gender include every gender; and
 - (c) a reference to a person includes a reference to a body corporate and to an unincorporated body of persons;
- 1.2.6 references to any act being done (including a consent or approval being given, a determination being made or a discretion being exercised) by the directors shall be construed as referring to the directors acting by resolution duly passed at a meeting of the directors, or otherwise passed as permitted by these Articles; and
- 1.2.7 the headings are inserted for convenience only and do not affect the construction of these Articles.

In these Articles:

- (a) powers of delegation shall not be restrictively construed but the widest interpretation shall be given to them;
- (b) no power of delegation shall be limited by the existence, or except where expressly provided by the terms of delegation, the exercise of that or any other power of delegation; and
- (c) except where expressly provided by the terms of delegation, the delegation of a power shall not exclude the concurrent exercise of that power by any other body or person who is, for the time being, authorised to exercise it under these Articles or under another delegation of power.

1.3 Exclusion of the Model Articles

No regulations or articles contained in any statute or subordinate legislation, including but not limited to, the articles contained in Schedules 1 to 3 of The Companies (Model Articles) Regulations 2008 (SI 2008/3229) shall apply as the regulations of the Company or the Articles.

2. OBJECTS

To carry on the business or businesses of regeneration, buying, selling, developing, promoting, marketing, supplying, trading, dealing in any manner whatsoever in the furtherance of the advancement, promotion and support of the financial, environmental, economic, and social objectives of the Council which shall include acting for a commercial purpose.

3. POWERS

3.1 The Company's powers are not limited to but expressly include the acquisition or disposal of any property or rights or any expenditure, borrowing or lending, to advance or that is incidental to its object(s).

3.2 The Company shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient in furtherance of its objects unless expressly restricted or prohibited by these Articles.

4. LIABILITY OF MEMBERS

The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

5. DIRECTORS' POWERS AND RESPONSIBILITIES

5.1 Directors' general authority

Subject to these Articles, the directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

5.2 Members' reserve power

5.2.1 The members may, by special resolution, direct the directors to take, or refrain from taking, specified action.

5.2.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

5.2.3 Notwithstanding Article 5.2.1 the Company shall co-operate with the Controlling Shareholder and comply with any request or directions made by the Controlling Shareholder to fulfil its obligations to the Council under any Relevant Agreement or otherwise including but not limited to attendance at any meetings, providing any disclosure, information or assistance.

5.3 Shareholders' reserved matters and the Business Plan

5.3.1 Notwithstanding any provisions set out in these Articles, the directors shall procure that neither the Company nor any other member of the Group shall, without the prior written approval of the Controlling Shareholder, carry out any of the Reserved Matters except where specifically included within a Business Plan or the Medium Term Financial Plan.

5.3.2 The Controlling Shareholder acknowledges that it has in place arrangements for the prompt determination of any request received by it pursuant to Article 5.3.1 and the Company and any other member of the Group may rely on any written consent provided on behalf of the Shareholder Cabinet Committee or by the Controlling Shareholder Representative.

5.3.3 The Company shall prepare a draft Business Plan for each Financial Year in a form approved by the Controlling Shareholder for approval by the Controlling Shareholder.

5.4 Directors may delegate

5.4.1 Subject to these Articles, the directors may delegate any of the powers which are conferred on them under these Articles:

- (a) to such person or committee;
- (b) by such means (including by power of attorney);
- (c) to such an extent;
- (d) in relation to such matters or territories; and
- (e) on such terms and conditions,

as they think fit.

5.4.2 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

5.4.3 The directors may revoke any delegation in whole or part, or alter its terms and conditions at any time.

5.5 Committees - General

5.5.1 Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of these Articles which govern the taking of decisions by directors.

5.5.2 The directors may make rules of procedure for all or any committees, which prevail over rules derived from these Articles if they are not consistent with them.

5.6 Committees – Specific

5.6.1 Subject to Article 5.4.3 and Article 5.5, the Directors shall establish:

- (a) a nominations and remuneration committee to assist the board fulfil its responsibility to the Controlling Shareholder to ensure that:
 - (i) remuneration policy and practices of the Company are designed to support strategy and promote long-term sustainable success, reward fairly and responsibly, with a clear link to corporate and individual performance, having regard to statutory and regulatory requirements; and
 - (ii) executive remuneration is aligned to the Company's purpose and values and linked to delivery of the Company's long-term strategy.
- (b) an audit committee to:
 - (i) carry out an appropriate role or functions of such a committee for the Company and the other members of the Group;
 - (ii) report as required to the Controlling Shareholder's designated group audit committee.
- (c) any other committee requested to be established by the Controlling Shareholder Representative.

5.6.2 These committees shall:

- (a) have a quorum of at least two Directors,
- (b) make recommendations for approval by the board.

5.7 Policies

- 5.7.1 The Company shall apply and adopt in its own right and to the other members of the Group the following matters, including any initiated by the Controlling Shareholder:
- (a) common policies such as those in respect of branding, ethos and ethics so far as is practical and appropriate to the needs of the business,
 - (b) in respect of other policies such as financial procedures, fraud, whistleblowing, employment and health and safety policies, ensure consistency so far as practical and appropriate to the needs of the business, and
 - (c) that no changes are made to any such policies by any subsidiary without the Company's approval.
- 5.7.2 In respect of any Associated Company the Company shall use its reasonable endeavours to secure a similar compliance on approach to all such policies as required by Article 5.7.1.
- 5.7.3 The Company shall develop, recommend for Controlling Shareholder approval as a Reserved Matter, adopt, implement and keep under review a scheme of delegation identifying the level of authority for all Directors, officers and employees of the Company and provide upon request a copy of the latest version to the Controlling Shareholder. The Company shall, upon request, procure that all other members of the Group adopt the same practice and shall approve all such schemes.

5.8 Directors to exercise the Company's voting powers

The directors may exercise the voting powers conferred by the shares in any company held or owned by the Company or exercisable by them as directors of such other company in such manner in all respects as they think fit subject to the Reserved Matters.

5.9 Power to appoint attorney or agent

The directors may, by power of attorney or otherwise, appoint any person, whether nominated directly or indirectly by the directors, to be the agent of the Company or any other member of the Group for such time and purposes and with such powers and subject to such terms and conditions (including as to remuneration and either collaterally with or to the exclusion of their own powers) as they think fit, and any such appointment may contain such provisions for the protection and convenience of persons dealing with the agent as the directors may think fit. The directors may also authorise the agent to sub-delegate all or any of the powers vested in them. Any such appointment may be revoked or altered.

5.10 Power to designate a person as "director"

The directors may appoint any person (not being a director) to any office or employment having a designation or title including the word "director" or attach to any existing office or employment with the Company any such designation or title. The inclusion of the word "director" in the designation or title of any such office or employment shall not imply that such person is, or is deemed to be, or is empowered in any respect to act as a director of the Company for any of the purposes of the Companies Acts or these Articles.

6. DECISION-MAKING BY DIRECTORS

6.1 Directors to take decisions collectively

Decisions of the directors may be taken:

- 6.1.1 at a directors' meeting, or
- 6.1.2 in the form of a directors' written resolution.

6.2 Calling a directors' meeting

- 6.2.1 Any director or the Controlling Shareholder Representative may call a directors' meeting by giving not less than three Business Days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the secretary to give such notice.
- 6.2.2 Notice of any directors' meeting must indicate:
 - (a) its proposed date and time;
 - (b) where it is to take place; and
 - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 6.2.3 Notice of a directors' meeting must be given to each director and the Controlling Shareholder Representative, but need not be in writing.
- 6.2.4 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company not more than seven Days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

6.3 Participation in directors' meetings

- 6.3.1 Subject to these Articles, directors participate in a directors' meeting, or part of a directors' meeting, when:
 - (a) the meeting has been called and takes place in accordance with these Articles; and
 - (b) they can each communicate orally to the others any information or opinions they have on any particular item of the business of the meeting.
- 6.3.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is.
- 6.3.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is and if there is no agreement between the directors, the meeting shall be deemed to take place where the largest group of those participating is assembled or if there is no such group, where the chair of the meeting is.
- 6.3.4 The Controlling Shareholder Representative shall be entitled to attend and speak at any directors' meeting but shall not have the right to vote on any matter put to the directors.

6.4 Quorum for directors' meetings

- 6.4.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 6.4.2 Subject to Article 6.4.3, the quorum for the transaction of business at a meeting of directors is any four eligible directors provided that at least one of the directors is an Independent Director.
- 6.4.3 For the purposes of any meeting (or part of a meeting) held pursuant to Article 6.9 to authorise a Conflict, if there are less than four eligible directors in office other than the conflicted director or conflicted directors, the quorum for such meeting (or part of a meeting) shall be such eligible directors.
- 6.4.4 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision to call a general meeting so as to enable the members to appoint further directors.

6.5 Chairing directors' meetings

- 6.5.1 The Controlling Shareholder shall appoint (and may remove) a director to chair directors' meetings and the person so appointed for the time being shall be known as the chair.
- 6.5.2 The directors may appoint other directors as deputy or assistant chair to chair directors' meetings in the chair's absence or if the Controlling Shareholder has not appointed a chair pursuant to Article 6.5.1.
- 6.5.3 The directors may terminate the appointment of the deputy or assistant chair at any time.
- 6.5.4 If neither the chair nor any director appointed generally to chair directors' meetings in the chair's absence is participating in a meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

6.6 Voting at directors' meetings: general rules

- 6.6.1 Subject to these Articles, a decision is taken at a directors' meeting by a majority of the votes of the eligible directors.
- 6.6.2 Subject to these Articles, each eligible director participating in a directors' meeting has one vote.

6.7 Chair's casting vote at directors' meetings

- 6.7.1 If the numbers of votes for and against a proposal are equal, the chair or other director chairing the meeting has a casting vote.
- 6.7.2 Article 6.7.1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with these Articles, the chair or other director is not an eligible director for the purposes of that meeting (or part of a meeting).

6.8 Transactions or other arrangements with the Company subject to section 177 of the Act

- 6.8.1 Except as specifically permitted under Article 6.8.2 if a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the Company in which a director is interested, that director shall not be counted as participating in the decision-making process for quorum or voting purposes.

- 6.8.2 A director who is interested in an actual or proposed transaction or arrangement with the Company is to be counted as participating in the decision-making process for quorum and voting purposes when:
- (a) the Company by ordinary resolution disapplies the provision of the Articles which would otherwise prevent a Director from being counted as participating in the decision-making process;
 - (b) the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
 - (c) the Director's conflict of interest arises from a Permitted Cause as defined in Article 6.8.3.

6.8.3 For the purposes of Article 6.8.2, the following are each a **Permitted Cause**:

- (a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the Company or any of its subsidiaries;
- (b) subscription, or an agreement to subscribe, for shares or other securities of the Company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities;
- (c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the Company or any of its subsidiaries which do not provide special benefits for Directors or former directors;
- (d) a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the Controlling Shareholder or a Relevant Company; and
- (e) in this Article 6.8.3 and Article 6.9.2, a **Relevant Company** means:
 - (i) the Company; the holding company of the Company, all subsidiaries and subsidiary undertakings of the Company and its holding company, the Council and its subsidiary companies; or
 - (ii) any other body corporate promoted by the Company or the Council or in which the Company or Council is otherwise interested and which for the avoidance of doubt includes an Associated Company.

6.9 Authorisation of conflicts of interest pursuant to section 175 of the Act

- 6.9.1 The Controlling Shareholder may, in accordance with the requirements set out in this Article 6.9, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director breaching their duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).
- 6.9.2 A director, notwithstanding their office, may be a director or other officer of, employed by, or otherwise interested (including by the holding of shares) in any Relevant Company and no authorisation under this Article 6.9 shall be necessary in respect of any such interest (a Group Conflict) and such directors shall be entitled to vote and count in a quorum at any meetings of directors in relation to any resolution relating to a Group Conflict (subject to the provisions of the Act).
- 6.9.3 Any authorisation under Article 6.9.1 will be effective only if:
- (a) the matter in question shall have been proposed by any director for consideration at a meeting of directors in the same way that any other matter may be proposed

to the directors under the provisions of these Articles or in such other manner as the directors may determine; and

(b) the Controlling Shareholder approves in writing the Conflict.

6.9.4 Any authorisation of a Conflict under this Article 6.9 may (whether at the time of giving the authority or subsequently):

(a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;

(b) be subject to such terms and for such duration, or impose such limits or conditions as the Controlling Shareholder may determine; and

(c) be terminated or varied by the Controlling Shareholder at any time,

provided that this will not affect anything done by the director prior to such termination or variation in accordance with the terms of the authorisation.

6.9.5 In authorising a Conflict, the Controlling Shareholder may decide (whether at the time of giving the authority or subsequently) that if a director has obtained any information through their involvement in the Conflict otherwise than as a director of the Company and in respect of which they owe a duty of confidentiality to another person, the director is under no obligation to:

(a) disclose such information to the directors or to any director or other officer or employee of the Company; or

(b) use or apply any such information in performing their duties as a director,

where to do so would amount to a breach of that confidence.

6.9.6 Where the Controlling Shareholder authorises a Conflict, it may (whether at the time of giving the authority or subsequently) provide, without limitation that the director:

(a) is excluded from discussions (whether at meetings of directors or otherwise) related to the Conflict in such manner as the chair directs at the relevant time;

(b) is not given any documents or other information relating to the Conflict; and

(c) may or may not vote (or may or may not be counted in the quorum) at any future meeting of directors in relation to any resolution relating to the Conflict.

6.9.7 Where the Controlling Shareholder authorises a Conflict:

(a) the director will be obliged to conduct themselves in accordance with any terms imposed by the Controlling Shareholder in relation to the Conflict; and

(b) the director will not infringe any duty they owe to the Company by virtue of sections 171 to 177 of the Act provided they act in accordance with such terms, limits and conditions (if any) as the Controlling Shareholder imposes in respect of its authorisation.

6.9.8 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which they derive from or in connection with a relationship involving a Conflict which has been authorised by Article 6.9.2 or by the Controlling Shareholder (subject to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

- 6.9.9 For the purposes of this Article 6.9, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.
- 6.9.10 Subject to Article 6.9.11, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chair whose ruling in relation to any director other than the chair is to be final and conclusive.
- 6.9.11 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chair, the question is to be decided by a decision of the directors at that meeting, for which purpose the chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

6.10 Proposing directors' written resolutions

- 6.10.1 Any director may propose a directors' written resolution.
- 6.10.2 The secretary must propose a directors' written resolution if a director so requests.
- 6.10.3 A directors' written resolution is proposed by giving notice of the proposed resolution to the directors.
- 6.10.4 Notice of a proposed directors' written resolution must indicate:
- (a) the proposed resolution, and
 - (b) the time by which it is proposed that the directors should adopt it.
- 6.10.5 Notice of a proposed directors' written resolution must be given in writing to each director and the Controlling Shareholder Representative.
- 6.10.6 Any decision which a person giving notice of a proposed directors' written resolution takes regarding the process of adopting that resolution must be taken reasonably in good faith.

6.11 Adoption of directors' written resolutions

- 6.11.1 A proposed directors' written resolution is adopted when a majority of the eligible directors have signed one or more copies of it, or otherwise indicated their agreement in writing provided that those directors would have formed a quorum at such a meeting.
- 6.11.2 It is immaterial whether any director signs the resolution before or after the time by which the notice proposed that it should be adopted.
- 6.11.3 Once a directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a directors' meeting in accordance with these Articles.

6.12 Records of decisions to be kept

The directors must ensure that the Company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every decision taken by the directors at a meeting or by way of written resolution.

6.13 Directors' discretion to make further rules

Subject to these Articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

7. APPOINTMENT AND REMOVAL OF DIRECTORS

7.1 Number of directors

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall not be less than four.

7.2 Method of appointing directors

7.2.1 The Controlling Shareholder shall have the right at any time and from time to time to appoint one or more persons, who is willing to act as a director and is permitted by law to do so, to be a director or directors either to fill a vacancy or as an additional director. Any such appointment shall be effected by notice in writing to the Company executed on behalf the Controlling Shareholder and may consist of several documents in like form and shall take effect upon lodgement at the registered office of the Company.

7.2.2 Upon receipt of the notice of the appointment of a director to the Company and their consent to act, the directors shall procure that all resolutions that are required to appoint the new director as director of all the subsidiaries of the Company are passed.

7.3 Removal of directors

7.3.1 The Controlling Shareholder shall have the right at any time and from time to time to remove a director or directors. Any such removal shall be effected by notice in writing to the Company executed on behalf of the Controlling Shareholder and may consist of several documents in like form and shall take effect upon lodgement at the registered office of the Company.

7.3.2 Subject to the consent of the Controlling Shareholder as a Reserved Matter and provided they are acting in the best interests of the Company, the directors may terminate the appointment of any director.

7.4 Termination of director's appointment

7.4.1 A person ceases to be a director as soon as:

- (a) that person ceases to be a director by virtue of any provision of the Act or is prohibited from being a director by law;
- (b) a bankruptcy order is made against that person or such person has an interim receiving order made against them;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts or such person applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;
- (d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three Months and the directors resolve that their office should be vacated;
- (e) notification is received by the Company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;
- (f) they are removed from office under the provisions of Article 7.3; or

- (g) where a director is also (i) an employee of the Company or the Controlling Shareholder and he ceases to be an employee or (ii) an elected member of the Controlling Shareholder and he ceases to be an elected member.

7.4.2 A resolution of the directors that a director has vacated office under the terms of this Article 7.4 shall be conclusive as to the fact and grounds of vacation stated in the resolution.

7.5 Ceasing to be a director shall cease subsidiary directorships and committee membership

7.5.1 If a director shall vacate their office as director for any reason, they shall automatically cease to have any position on any committee set up by the directors.

7.5.2 Upon termination of the appointment of the director, the directors shall procure that all resolutions that are required to remove the director as director of all the subsidiaries of the Company are passed.

8. DIRECTORS' REMUNERATION AND EXPENSES

8.1 Remuneration

8.1.1 Directors may undertake any services for the Company that the directors decide.

8.1.2 Directors are entitled to such remuneration as the Controlling Shareholder determines:

- (a) for their services to the Company as directors; and
- (b) for any other service which they undertake for the Company; and
- (c) which shall be reviewed and approved annually.

8.1.3 Subject to these Articles, a director's remuneration may:

- (a) take any form; and
- (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.

8.1.4 Unless the Controlling Shareholder determines otherwise by way of written notice to the Company, directors' remuneration accrues from day to day.

8.1.5 Unless the Controlling Shareholder determines otherwise by way of written notice to the Company, directors are not accountable to the Company for any remuneration which they receive as directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

8.1.6 If a decision is made pursuant to these Articles to remunerate any elected members or officers of the Council acting as directors for the Company then they shall not be paid any remuneration or reimbursement of expenses greater than that to which he/she would have been entitled to in comparable circumstances had they been carrying out similar duties with the Council.

8.2 Directors' expenses

The Company may pay any reasonable expenses which the directors (including alternate directors and the secretary) properly incur in connection with their attendance at:

- (a) meetings of directors or committees of directors;
 - (b) general meetings; or
 - (c) separate meetings of the holders of any class of shares or of debentures of the Company,
- or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

9. ALTERNATE DIRECTORS

9.1 Appointment and Removal of Alternates

9.1.1 Any director (**appointor**) may appoint as an alternate any other director, or any other person approved by resolution of the directors, to:

- (a) exercise that director's powers; and
- (b) carry out that director's responsibilities,

in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.

9.1.2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors.

9.1.3 The notice must:

- (a) identify the proposed alternate; and
- (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

9.2 Rights and Responsibilities of Alternate Directors

9.2.1 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors, as the alternate's appointor.

9.2.2 Except as these Articles specify otherwise, alternate directors:

- (a) are deemed for all purposes to be directors;
- (b) are liable for their own acts and omissions;
- (c) are subject to the legal duties of a director;
- (d) are subject to the same restrictions as their appointors; and
- (e) are not deemed to be agents of or for their appointors,

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which their appointor is a member.

9.2.3 A person who is an alternate director but not a director:

- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);

- (b) may sign a written resolution (but only if it is not signed or to be signed by that person's appointor);

and no alternate may be counted as more than one director for such purposes.

- 9.2.4 A director who is also an alternate director is entitled, in the absence of their appointor, to a separate vote on behalf of their appointor, in addition to their own vote on any decision of the directors (provided that their appointor is an eligible director in relation to that decision), but shall not count as more than one director for the purposes of determining whether a quorum is present.
- 9.2.5 An alternate director is not entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company.

9.3 Termination of alternate directorship

- 9.3.1 An alternate director's appointment as an alternate terminates:
 - (a) when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
 - (b) on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
 - (c) on the death of the alternate's appointor; or
 - (d) when the alternate's appointor's appointment as a director terminates.

10. SECRETARY

- 10.1 The Controlling Shareholder shall appoint and remove a Company Secretary of the Company upon such terms and conditions as it sees fit by the Controlling Shareholder serving upon the Company notice of such appointment or the removal thereof in the form of a letter.
- 10.2 The letter of appointment shall give such particulars of that person which would if he/she were so appointed or reappointed be required to enable their registration at Companies House.
- 10.3 The appointment or removal of the Company Secretary takes effect on the date on which the notice is received by the Company or, if a later date is given in the notice, on that date.
- 10.4 Upon receipt of the notice of the appointment of the Company Secretary to the Company and their consent to act, the directors shall procure that all resolutions that are required to appoint the new Company Secretary as Company Secretary of all the subsidiaries of the Company are passed.
- 10.5 Subject to the consent of the Controlling Shareholder as a Reserved Matter and provided they are acting in the best interests of the Company, the directors may terminate the appointment of the Company Secretary.
- 10.6 Upon termination of the appointment of the Company Secretary, the directors shall procure that all resolutions that are required to remove the Company Secretary as Company Secretary of all the subsidiaries of the Company are passed.

11. ORGANISATION OF GENERAL MEETINGS

11.1 Holding of general meetings

The Company shall not be obliged to hold general meetings except in accordance with the Act.

11.2 Contents and notices of general meetings

Where the Company has given an electronic address in any notice of meeting, any document or information relating to proceedings at the meeting may be sent by electronic means to that address, subject to any conditions or limitations specified in the relevant notice of meeting.

11.3 Members can call general meeting if not enough directors

The Controlling Shareholder Representative shall be entitled to call a general meeting at anytime.

11.4 Attendance and speaking at general meetings

11.4.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate orally to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

11.4.2 A person is able to exercise the right to vote at a general meeting when:

- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
- (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

11.4.3 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

11.4.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

11.4.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

11.5 Quorum for general meetings

11.5.1 No business other than the appointment of the chair of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

11.5.2 The Controlling Shareholder being present in person or by proxy or by its authorised representative shall constitute a quorum of the Company and shall be deemed for the purposes of Article 11.5.1 to constitute a valid meeting.

11.6 Chairing general meetings

11.6.1 If the Controlling Shareholder has appointed a chair of the directors, that person shall chair general meetings if present and willing to do so.

11.6.2 If the Controlling Shareholder has not appointed a chair of the directors, or if the chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

- (a) the directors present; or
- (b) (if no directors are present), the members present and entitled to vote, must appoint a director or member to chair the meeting, and the appointment of the chair of the meeting must be the first business of the meeting.

- 11.6.3 The person chairing a meeting in accordance with this Article 11.6 is referred to as **the chair of the meeting**.

11.7 Attendance and speaking by directors and non-members

- 11.7.1 Subject to the remaining provisions of this Article 11.7, only members of the Company shall be permitted to attend and speak at any general meeting of the Company and no other person shall have any rights to attend or speak.
- 11.7.2 Directors may attend and speak at general meetings, whether or not they are members.
- 11.7.3 The chair of the meeting may permit other persons who are not:
- (a) members of the Company; or
 - (b) otherwise entitled to exercise the rights of members in relation to general meetings,
- to attend and speak at a general meeting.

11.8 Adjournment

- 11.8.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chair of the meeting must adjourn it, provided that if the Company has only a single member, the provisions of this Article 11.8.1 as to adjournment shall not apply and if, within 30 minutes of the time appointed for the meeting, or if during a meeting a quorum ceases to be present, the meeting shall be dissolved and shall not be adjourned.
- 11.8.2 The chair of the meeting may adjourn a general meeting at which a quorum is present if:
- (a) the meeting consents to an adjournment;
 - (b) it appears to the chair of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or to ensure that the business of the meeting is conducted in an orderly manner; or
 - (c) it appears to the chair that it is unreasonable or impracticable for any reason to hold a general meeting at the time or place specified in the notice of that meeting.
- 11.8.3 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 11.8.4 When adjourning a general meeting, the chair of the meeting must:
- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 11.8.5 If the continuation of an adjourned meeting is to take place more than 14 Days after it was adjourned, the Company must give at least seven clear Days' notice of it (that is, excluding the Day of the adjourned meeting and the Day on which the notice is given):
- (a) to the same persons to whom notice of the Company's general meetings is required to be given; and

(b) containing the same information which such notice is required to contain.

11.8.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

12. VOTING AT GENERAL MEETINGS

12.1 Voting: general

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with these Articles.

12.2 Errors and disputes

12.2.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

12.2.2 Any such objection must be referred to the chair of the meeting, whose decision is final.

12.3 Demanding a poll

12.3.1 A poll on a resolution may be demanded:

- (a) in advance of the general meeting where it is to be put to the vote, or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

12.3.2 A poll may be demanded by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting.

12.3.3 A demand for a poll may be withdrawn if:

- (a) the poll has not yet been taken; and
- (b) the chair of the meeting consents to the withdrawal,

and a demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made.

12.3.4 Polls must be taken immediately and in such manner as the chair of the meeting direct.

12.4 Content of proxy notices

12.4.1 Proxies may only validly be appointed by a notice in writing (**proxy notice**) which:

- (a) states the name and address of the member appointing the proxy;
- (b) identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;
- (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and
- (d) is delivered to the Company in accordance with these Articles and in accordance with any instructions contained in the notice of the general meeting to which they relate.

- 12.4.2 The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- 12.4.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 12.4.4 Unless a proxy notice indicates otherwise, it must be treated as:
 - (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

12.5 Delivery of proxy notices

- 12.5.1 Any notice of a general meeting must specify the address or addresses (**proxy notification address**) at which the Company or its agents will receive proxy notices relating to that meeting, or any adjournment of it, delivered in hard copy or electronic form.
- 12.5.2 In accordance with the Companies Acts, and these Articles, the directors may allow an appointment of proxy to be sent or supplied in electronic form, subject to any conditions or limitations which the directors may specify, and where the Company has given an electronic address in any instrument of proxy or invitation to appoint a proxy, any document or instrument relating to proxies for the meeting (including any document necessary to show the validity of, or otherwise relating to, the appointment of a proxy, or notice of the termination of the authority of a proxy) may be sent by electronic means to such electronic address, subject to any conditions or limitations specified in the relevant notice of meeting.
- 12.5.3 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.
- 12.5.4 Subject to Articles 12.5.5 and 12.5.6, a proxy notice must be delivered to a proxy notification address not less than 48 hours before the general meeting or adjourned meeting to which it relates.
- 12.5.5 In the case of a poll taken more than 48 hours after it is demanded, the proxy notice must be delivered to a proxy notification address not less than 24 hours before the time appointed for the taking of the poll.
- 12.5.6 In the case of a poll not taken during the meeting but taken not more than 48 hours after it was demanded, the proxy notice must be delivered:
 - (a) in accordance with Article 12.5.4, or
 - (b) at the meeting at which the poll was demanded to the chair, secretary or any director.
- 12.5.7 An appointment under a proxy notice may be revoked by delivering a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given to a proxy notification address.
- 12.5.8 A notice revoking a proxy appointment only takes effect if it is delivered before:
 - (a) the start of the meeting or adjourned meeting to which it relates, or

- (b) (in the case of a poll not taken on the same day as the meeting or adjourned meeting) the time appointed for taking the poll to which it relates.

12.5.9 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

12.6 Amendments to resolutions

12.6.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:

- (a) notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chair of the meeting may determine); and
- (b) the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.

12.6.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:

- (a) the chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
- (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

12.6.3 If the chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.

12.7 Policy and practice

The Controlling Shareholder may in the interests of transparency, consistency and clarity of its dealings with the Company and any other member of the Group publish Policy and Practice documents (**Policy Documents**) and if it does implement such Policy Documents:

- (a) it shall keep such documents under continuous review and update the said Policy Documents at least once in every year;
- (b) it shall consult with and take into consideration any submissions, comments and suggestions of the Company to revise or vary the said Policy Documents;
- (c) it shall apply the policy and practice set out in the Policy Documents; and
- (d) whether expressly stated or not any obligation, decision, resolution, approval or other matter required of the Controlling Shareholder by the terms of any agreement, the Articles of Association or otherwise concerning the Company shall be governed by the Policy Documents.

13. SHARES

13.1 All shares to be fully paid up

13.1.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.

13.1.2 This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

13.2 Powers to issue shares

The directors shall not exercise any power of the Company to allot shares or other securities in, or to grant rights to subscribe for, or convert into, shares or other securities of, the Company without the prior written consent of a Controlling Shareholder. Without limitation, the powers of the directors under section 550 of the Act are limited accordingly.

13.3 Payment of commissions on subscription for shares

13.3.1 The Company may pay any person a commission in consideration for that person:

- (a) subscribing, or agreeing to subscribe, for shares; or
- (b) procuring, or agreeing to procure, subscriptions for shares.

13.3.2 Any such commission may be paid:

- (a) in cash, or in fully paid or partly paid shares or other securities, or partly in one way and partly in the other; and
- (b) in respect of a conditional or an absolute subscription.

13.4 Company not Bound by Less Than Absolute Interests

Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or these Articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

13.5 Share certificates

13.5.1 The Company must issue each member, free of charge, with one or more certificates in respect of the shares which that member holds.

13.5.2 No certificate may be issued in respect of shares of more than one class.

13.5.3 If more than one person holds a share, only one certificate may be issued in respect of it.

13.5.4 Every certificate must specify:

- (a) in respect of how many shares, of what class, it is issued;
- (b) the nominal value of those shares; and
- (c) any distinguishing numbers assigned to them.

13.5.5 Certificates must:

- (a) have affixed to them the Company's common seal; or
- (b) be otherwise executed in accordance with the Companies Acts.

13.6 Consolidated share certificates

- 13.6.1 When a member's holding of shares of a particular class increases, the Company may issue that member with:
- (a) a single, consolidated certificate in respect of all the shares of a particular class which that member holds; or
 - (b) a separate certificate in respect of only those shares by which that member's holding has increased.
- 13.6.2 When a member's holding of shares of a particular class is reduced, the Company must ensure that the member is issued with one or more certificates in respect of the number of shares held by the member after that reduction. But the Company need not (in the absence of a request from the member) issue any new certificate if:
- (a) all the shares which the member no longer holds as a result of the reduction; and
 - (b) none of the shares which the member retains following the reduction, were, immediately before the reduction, represented by the same certificate.
- 13.6.3 A member may request the Company, in writing, to replace:
- (a) the member's separate certificates with a consolidated certificate, or
 - (b) the member's consolidated certificate with two or more separate certificates representing such proportion of the shares as the member may specify.
- 13.6.4 When the Company complies with such a request it may charge such reasonable fee as the directors may decide for doing so.
- 13.6.5 A consolidated certificate must not be issued unless any certificates which it is to replace have first been returned to the Company for cancellation.

13.7 Replacement share certificates

- 13.7.1 If a certificate issued in respect of a member's shares is:
- (a) damaged or defaced; or
 - (b) said to be lost, stolen or destroyed,
- that member is entitled to be issued with a replacement certificate in respect of the same shares.
- 13.7.2 A member exercising the right to be issued with such a replacement certificate:
- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
 - (b) must return the certificate which is to be replaced to the Company if it is damaged or defaced; and
 - (c) must comply with such conditions as to evidence and indemnity as the directors decide.

13.8 Transfers of shares

- 13.8.1 Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor and, unless the share is fully paid, the transferee.
- 13.8.2 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 13.8.3 The Company may retain any instrument of transfer which is registered.
- 13.8.4 The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.
- 13.8.5 Subject to Article 13.8.6, the directors may in their absolute discretion refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.
- 13.8.6 The directors shall be obliged to register any transfer of shares made to, or by or with the written consent of the Controlling Shareholder.
- 13.8.7 No share or beneficial interest in a share shall be issued or transferred to, or held by, any person other than the Controlling Shareholder, or some other person expressly approved by the Controlling Shareholder in writing.

13.9 Transmission of shares

- 13.9.1 If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.
- 13.9.2 Nothing in these Articles releases the estate of a deceased member from any liability in respect of a share solely or jointly held by that member.

13.10 Transmittees' rights

- 13.10.1 A transmittee who produces such evidence of entitlement to shares as the directors may properly require:
 - (a) may, subject to these Articles, choose either to become the holder of those shares or to have them transferred to another person; and
 - (b) subject to these Articles, and pending any transfer of the shares to another person, has the same rights as the holder had.
- 13.10.2 Subject to Article 13.10.1, transmittees shall not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

13.11 Exercise of transmittees' rights

- 13.11.1 Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish.
- 13.11.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- 13.11.3 Any transfer made or executed under this Article 13.11 is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in

respect of the share, and as if the event which gave rise to the transmission had not occurred.

13.12 Transmittees bound by prior notices

If a notice is given to a member in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the member before the transmittee's name, or the name of any person nominated under Article 13.10.1, has been entered in the register of members.

14. DISTRIBUTIONS

14.1 Procedure for declaring dividends

- 14.1.1 The Company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- 14.1.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- 14.1.3 No dividend may be declared or paid unless it is in accordance with members' respective rights.
- 14.1.4 Unless the members' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.
- 14.1.5 If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.
- 14.1.6 The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 14.1.7 If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

14.2 Payment of dividends and other distributions

- 14.2.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
 - (a) transfer to a bank or building society account specified by the distribution recipient in writing;
 - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient in writing;
 - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified in writing; or
 - (d) any other means of payment as the directors agree with the distribution recipient in writing.

14.2.2 In these Articles, the **distribution recipient** means, in respect of a share in respect of which a dividend or other sum is payable:

- (a) the holder of the share; or
- (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
- (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

14.3 No Interest on distributions

The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

- (a) the terms on which the share was issued; or
- (b) the provisions of another agreement between the holder of that share and the Company.

14.4 Unclaimed distributions

14.4.1 All dividends or other sums which are:

- (a) payable in respect of shares; and
- (b) unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the Company until claimed.

14.4.2 The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

14.4.3 If:

- (a) 12 years have passed from the date on which a dividend or other sum became due for payment; and
- (b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

14.5 Non-cash distributions

14.5.1 Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any Company).

14.5.2 For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

- (a) fixing the value of any assets;

- (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients;
- (c) vesting any assets in trustees; and
- (d) issuing fractional certificates (or ignoring fractional certificates).

14.6 Waiver of distributions

Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Company notice in writing to that effect, but if:

- (a) the share has more than one holder, or
- (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

15. CAPITALISATION OF PROFITS

15.1 Authority to capitalise and appropriation of capitalised sums

15.1.1 Subject to these Articles, the directors may, if they are so authorised by an ordinary resolution:

- (a) decide to capitalise any profits of the Company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's share premium account or capital redemption reserve; and
- (b) appropriate any sum which they so decide to capitalise (**capitalised sum**) to the persons who would have been entitled to it if it were distributed by way of dividend (**persons entitled**) and in the same proportions.

15.1.2 Capitalised sums must be applied:

- (a) on behalf of the persons entitled; and
- (b) in the same proportions as a dividend would have been distributed to them.

15.1.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

15.1.4 A capitalised sum which was appropriated from profits available for distribution may be applied:

- (a) in or towards paying up amounts unpaid on existing shares held by the persons entitled; or
- (b) in paying up new debentures of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

15.1.5 Subject to these Articles, the directors may:

- (a) apply capitalised sums in accordance Articles 15.1.3 and 15.1.4 partly in one way and partly in another;

- (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this Article 15.1 (including the issuing of fractional certificates or the making of cash payments); and
- (c) authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this Article 15.1.

16. ADMINISTRATIVE ARRANGEMENTS

16.1 Means of communication to be used

- 16.1.1 Subject to these Articles, anything sent or supplied by or to the Company under these Articles may be sent or supplied in any way in which the Act provides for documents or information which are authorised or required by any provision of the Act to be sent or supplied by or to the Company.
- 16.1.2 Subject to these Articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- 16.1.3 A director may agree with the Company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

16.2 Service of notices, documents or other information

- 16.2.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
 - (a) if sent by post, on the day following that on which the envelope containing the notice, document or information was posted, if pre-paid as first class post, and within 48 hours, if pre-paid as second class post, after it has been posted. Proof that the envelope was properly addressed, prepaid and posted shall be conclusive evidence that the notice, document or information was sent;
 - (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address;
 - (c) in electronic form, at the expiration of one hour after the time it was sent. Proof that a notice, document or information in electronic form was sent in accordance with the Institute of Chartered Secretaries and Administrators' guidance (in issue at the time the relevant notice, document or information was sent) shall be conclusive evidence that the notice, document or information was sent notwithstanding that the Company is aware of the failure in delivery of such notice, document or information. Without prejudice to such deemed delivery, if the Company is aware of the failure in the delivery of a notice, document or information sent in electronic form and has sought to give such notice, document or information by such means at least three times, it shall, within 48 hours of the original attempt, send the notice, document or information in writing by post to the member at their registered address or address for service in the United Kingdom provided that the date of deemed service or delivery shall be 48 hours from the despatch of the original notice, document or information sent in electronic form in accordance with this Article 16.2.1; and
 - (d) by making it available on a website, shall be deemed to have been received on the date on which it is first made available on the website or if later, when notification of availability on the website is deemed to have been received in accordance with this Article 16.2.1.

- 16.2.2 For the purposes of Article 16.2.1, no account shall be taken of any part of a Day that is not a working day.
- 16.2.3 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act.

16.3 Company seals

The Company shall not use any form of common seal.

16.4 Destruction of documents

- 16.4.1 The Company is entitled to destroy:
- (a) all instruments of transfer of shares which have been registered, and all other documents on the basis of which any entries are made in the register of members, from six years after the date of registration;
 - (b) all dividend mandates, variations or cancellations of dividend mandates, and notifications of change of address, from two years after they have been recorded;
 - (c) all share certificates which have been cancelled from one year after the date of the cancellation;
 - (d) all paid dividend warrants and cheques from one year after the date of actual payment; and
 - (e) all proxy notices from one year after the end of the meeting to which the proxy notice relates.
- 16.4.2 If the Company destroys a document in good faith, in accordance with these Articles, and without notice of any claim to which that document may be relevant, it is conclusively presumed in favour of the Company that:
- (a) entries in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed were duly and properly made;
 - (b) any instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
 - (c) any share certificate so destroyed was a valid and effective certificate duly and properly cancelled; and
 - (d) any other document so destroyed was a valid and effective document in accordance with its recorded particulars in the books or records of the Company.
- 16.4.3 This Article 16.4 does not impose on the Company any liability which it would not otherwise have if it destroys any document before the time at which Article 16.4.1 permits it to do so.
- 16.4.4 In this Article 16.4, references to the destruction of any document include a reference to its being disposed of in any manner.

16.5 Provision for employees on cessation of business

The directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a director or former director or shadow director who is not also currently an employee of the Company or subsidiary) in

connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

16.6 Inspection of accounts and other records

16.6.1 The Controlling Shareholder acting through its Controlling Shareholder Representative or any deputy shall be entitled to inspect on demand any of the Company's accounting or other records or documents and such information shall be provided within a reasonable time.

16.6.2 Except as provided by law or authorised by the directors or the Controlling Shareholder Representative or by an ordinary resolution of the Company, no other person is entitled to inspect any of the Company's accounting or other records or documents.

17. DIRECTORS' INDEMNITY AND INSURANCE

17.1 Indemnity

17.1.1 Subject to Article 17.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

(a) each relevant officer may be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by them as a relevant officer:

(i) in the actual or purported execution and/or discharge of their duties, or in relation to them; and

(ii) in relation to the Company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act),

including (in each case) any liability incurred by them in defending any civil or criminal proceedings, in which judgment is given in their favour or in which they are acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on their part or in connection with any application in which the court grants them, in their capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs; and

(b) the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by them in connection with any proceedings or application referred to in Article 17.1.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

17.1.2 This Article 17.1 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

17.1.3 In this Article 17.1:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

(b) **relevant officer** means any director or other officer or former director or other officer of the Company or an associated company.

17.2 Insurance

17.2.1 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss.

17.2.2 In this Article 17.2:

- (a) **relevant officer** means any director or other officer or former director or other officer of the Company or an associated company;
- (b) **relevant loss** means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company; and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

18. OTHER

18.1 Subsidiaries

18.1.1 Notwithstanding that the Company shall not be permitted to setup, acquire, sell or transfer any subsidiary without the consent of its Controlling Shareholder, where a subsidiary is established, the Company shall put in place all necessary arrangements which secure for decision all those matters identified as Reserved Matters in respect of the operation of the relevant subsidiary between the Company and the subsidiary in similar terms to these Articles. Any Relevant Agreements or the articles of association of the subsidiary as the case may be shall be approved by the Controlling Shareholder.

18.1.2 The Company shall require each subsidiary (if any) to produce a business plan in a form specified by the Controlling Shareholder for the Company's approval. The Company shall put in place arrangements to enable it to monitor the subsidiary's compliance with the relevant business plan in similar terms to those required by the Controlling Shareholder of the Company.

18.1.3 In respect of any Associated Company the Company shall use its reasonable endeavours to secure that the articles of association and any other governance arrangements of such companies are consistent with these Articles as appropriate.

18.2 Public body considerations

18.2.1 The Company shall observe all the legal requirements imposed on it by virtue of any of its members or ultimate controlling body being a local authority or other public body.

18.2.2 In particular, without limiting the generality of Article 18.2.1, the Company shall observe all legal requirements imposed on it by virtue of it being a controlled Company as defined by section 68 of the Local Government and Housing Act 1989 and by virtue of the provisions of the Local Authorities (Companies) Order 1995 and any other regulations or orders made from time to time or the Local Government Act 2003 in relation to a Local Authority's interest in companies.

18.3 Relevant agreements

18.3.1 In addition to the provisions of these Articles, the directors shall be obliged (except to the extent, if any, prohibited by law) to give effect to all Relevant Agreements in force at the relevant time to which they are a party or by which they are otherwise bound.

18.3.2 The Controlling Shareholder shall procure that every director appointed by the Controlling Shareholder shall act in all respects in relation to the Company so as to give effect to all Relevant Agreements for the time being binding on the Company.

SCHEDULE 1

Reserved Matters

No matter listed below is to be carried out by the Company without the written consent of the Controlling Shareholder. Reference to Company shall be deemed to include any other member of the Group from time to time with the exception of any companies that are incorporated as property management companies for the management and operation of property developments that are undertaken by Advance Northumberland (Developments) Limited (No. 07497567) or any other member of the Group as part of their ordinary course of business and such companies shall not be the subject of these restrictions.

Ref	Description
1.	Creation by the Company of any security interest over the whole or any part of the Company's assets, property or undertaking unless to secure indebtedness of the Company to its bankers for sums borrowed in the ordinary and proper course of the business.
2.	Borrowing by the Company from any entity other than the Council of any amount in excess of the figure set out in the relevant Business Plan / any sum over £250,000.
3.	The Company making any external loan, advance or credit (other than normal trade credit and other than in relation to a wholly owned subsidiary of the Company).
4.	Disposal by the Company of a material <ul style="list-style-type: none"> i. part of the undertaking, and/or ii. asset of the Company or the contracting so to do. For the avoidance of doubt this shall not include the sales of residential properties or development land at market value.
5.	Expenditure by the Company on capital assets over £250,000 in a single transaction or £500,000 in aggregate in any rolling 12 month period unless provided for in the relevant Business Plan.
6.	Carrying out any procurement exercise and / or awarding any contract that is not in conformity with the approved Procurement Policy.
7.	The Company entering into any contract or transaction that is outside the ordinary course of the business or not on arm's length terms.
8.	Entering into any contract or arrangement that is expected to result in the Company incurring expenditure of £250,000 or more in a single transaction or £500,000 in aggregate in any rolling 12 month period that is not included in the relevant Business Plan.
9.	Adoption of any new Business Plan or any material change to an existing Business Plan.
10.	Adoption of any new Medium Term Financial Plan or any material change to a Medium Term Financial Plan
11.	Annual changes to Director remuneration levels.
12.	Alteration of the Company's accounting reference date.
13.	Appointment of new auditors to the Company and their removal.

Ref	Description
14.	Change in accounting or taxation policies of the Company other than in accordance with changes in the applicable accounting standard.
15.	Commencement or settlement of legal or arbitration proceedings involving the Company and a claim (including costs) in excess of £250,000.
16.	Appointment or removal of any Director and/or chair.
17.	Adoption of any pension scheme, share option scheme or similar arrangement by the Company.
18.	Variation of any rights to any class of share capital of the Company.
19.	Consolidation, subdivision, conversion or redenomination of share capital of the Company.
20.	Alteration of the Company's registered office.
21.	Appointment and removal of the Company Secretary.
22.	Allotment of any shares in the Company or the granting of rights to subscribe for or to convert any security into shares in the Company other than in accordance with the Articles.
23.	Creation, acquisition or disposal of any subsidiary (or shares in a subsidiary) of the Company.
24.	Taking any step to appoint an administrator of the Company (although this is subject to any statutory duties of the Directors).
25.	Entry into a scheme of arrangement or (unless required to do so by law) the winding up of the Company (but this is subject to any statutory duties of the Directors or duties owed by the Directors to creditors of the Company).
26.	Issue of any debentures or securities convertible into Shares or the issue of share warrants or options in respect of Shares.
27.	Repurchase or cancellation by the Company of any shares or the reduction of the amount (if any) standing to the credit of its share premium account or capital redemption reserve or any other reserve of the Company.
28.	Capitalisation of profits or reserves of the Company.
29.	Change of name of the Company.
30.	Change in the status of the Company from a private limited company.
31.	Vary or amend any scheme of delegation that has been approved by the Controlling Shareholder.
32.	Approving any provisions for employees upon the cessation of the Company.
33.	Implementation or variation of any treasury policies, including foreign currency exposure (but shall not include reasonable expenditure on employee expenses on foreign business trips)
34.	The establishment of credit limits for the placing of deposits with individual financial institutions.
35.	Writing off bad debts accruing or owed to the Company in any Financial year above £250,000.

Ref	Description
36.	The giving of guarantees, indemnities or financial letters of comfort other than in the ordinary course of business and below £250,000.
37.	Granting any rights (by licence or otherwise) in or over any intellectual property owned or used by the Company, save for the design rights and / or copyright in drawings that may be assigned or sold as part of a site development project in the ordinary course of business.

This page is intentionally left blank

Reserved Matters Exercise - Same scenarios under proposed Articles

NOTE
 Some Reasons for RM Consent were that the Item was not provided for in the MTFP or Business Plan - RM 5e. Not Being in the Business Plan or MTFP will almost always be a reason for RMC - new RM 5 &/or RM 8. The shorthand in this exercise is "5e - NIBP" - Not in Business Plan.
 The question for every request internally is: "Is it in The Business Plan?" If not - very likely to be RM. So, to reduce need for RM Consent, Management need to ensure better planning for allocation of Projects in the look-ahead Plans
 In this exercise the presumption is that everything asked for IS in the BP, so is just an exercise in testing the other RMs
 Once Agreed / In Tandem, a revised Delegation Policy will be issued for approval - itself a Reserved Matter under current RM 5a and new RM 31

Ref	Date	Item No	Title	Financial Amount	Which Current RM para? Why a RM?	Still a RM?	Comments
1	24.02.23	9b 9c	Inter-company dividend between Advance Northumberland (Housing) Limited and Advance Northumberland Limited Annual bad debt write off and arrears provision	£ 400,000	2d	No	BUT: Still needs Shareholder Approval & ORD Resolution by LAW
2			Housing	£ 57,885	6c	No	No, but see RM 35. Would be if cumulatively over £250k
3			Commercial	£ 125,019	6c	No	No, but see RM 35. Would be if cumulatively over £250k
4			Developments	£ 177	6c	No	No, but see RM 35. Would be if cumulatively over £250k
5		9d	Delivery of the Northumberland Small Business Service on behalf of NCC	£ 2,332,895	5f & 5e NIBP	No	
6	03.04.23		Appointment of 4 named Ind Non-Exec Directors		8b	Yes	RM 16
7	18.04.23		Approval of MTFP		Not actually RM - see 5b	Yes	RM 10
8	21.04.23	9b	Acceptance of NTA Brownfield Fund Grant re Phases 3 & 4, Wayside Point, Ellington	£ 1,293,727	5f & 5e NIBP	No	
9		11a	Proposed Directors of Advance Northumberland (Developments) Ltd's Management Companies		8a & 8b	No	Residential Property Management Companies are expressly excluded So allows nominal "incentives" to staff - but not Directors that remains RM 11
10		12b	updated Ascent Commission Policy		9c	No	But any departure from our Approved Policy is RM 6
11		12c	updated Advance Procurement Policy		5c	No	
12		13	Remuneration Committee approval of proposed Cost of Living Increase from April 2023		9d	No	RM 8 may apply if it cost £250k or cumulative change came to £500k likely to be in BP
13	19.06.23		APPROVE the placing of an order with Mone Bros Ltd for the removal of surplus materials in 3 stockpiles at the NEP1 site	£ 544,000	5e NIBP	Yes	RM 5 &/or RM 8 unless in BP
14			APPROVE the placing of an order via a framework procurement route that is compliant with the Public Contract Regulations 2015 with Arch Henderson Ltd	£ 243,760	5e NIBP	No	RM 8 may apply if cumulative change came to £500k
15	14.07.23	8a	APPROVAL of Grant receipt for Design fees budget for development of a 22,000 sq ft seven screen cinema with two restaurants and associated car parking on Plot 1. A fee budget capped at £600,000 for the design to construction tender receipt.	£ 600,000	5f & 5e NIBP	No	
16			APPROVAL to vary the existing agreement for lease to Reel Cinema to include a revised capital contribution of an additional £1m to a revised total of £3.4m, in stage payments as a contribution to fitting out of the cinema. To include a condition of a contract fallaway in the event the build price exceeds £6,900,000 excluding fees, together with the removal of the current condition of pre-letting the restaurant units.	£ 1,000,000	5e NIBP	Yes	RM 5 / RM / RM 7 unless in BP
17			APPROVAL of the net receipt realised from the sale of Plot 2 (currently ring fenced at £1m and subject to a retention), to be recycled into the funding of Portland Park which was initially approved by Board in March 2019.	£ 1,000,000	5e NIBP	No	
18		8d	Re-organisation of Project Management Team for Compliant Procurement. To move staff from Advance Northumberland (Developments) Ltd to Advance Northumberland (Financial) Ltd - in order to ensure compliant procurement with NCC for carrying out project management work directly under a PID.		4a, 4c, 5e NIBP, 8a,	Yes	RM 9 unless in BP
19			Proposed change name of Advance Northumberland (Financial) Ltd to Advance Northumberland (Projects) Ltd, to reflect the clear nature of the company's business of project management		3a	Yes	RM 29 unless in BP
20		8e	APPROVAL of the Group's Business Plan		5b	Yes	RM 9
21		8f	APPROVAL of disposal of 25 x residential units for a cumulative value of no less than £3,069,150	£ 3,069,150	4c	No	RM 4 is relevant, but is not meant for this type of disposal of loss-making houses, nor material: 25 out of c1100
22	24.07.23		incorporation of the usual residents' Management Company for the Allernburn and Bellingham developments.		2g	No	Residential Property Management Companies are expressly excluded
23	26.07.23		Replacement of Auditors		3c	Yes	RM 13 Also needs ORD Resolution by LAW
24	22.08.23		the entry by Advance Northumberland Ltd into the parent company guarantee with Lockton Companies LLP in the form attached to secure the potential liabilities of Advance Northumberland (Developments) Ltd at the Allernburn Manor site,		7c	Yes	RM 36
25			the deposit of £24,000 with the bankers of Checkmate to be held from the date of sale of the 1st dwelling for a period of 24 months after the sale of the final dwelling at the Allernburn Manor site.		linked to above	No	
26	01.09.23	7a	APPROVE a request to seek an additional £500,000 grant from NCC to complete Phase 2b (Market Place) Bedlington Town Centre Regeneration scheme.	£ 500,000	5f & 5e NIBP	No	
27		7b	APPROVE Delegation to the Group Executive Director for AN to retrospectively enter into a GFA variation for the additional £903k previously approved by NELEP and NCC.	£ 903,000	5f & 5e NIBP	No	
28		7e	APPROVE the requested East Ord development budget		5e NIBP	Yes	RM 8 unless in BP
29			APPROVE the request to seek an additional Loan Application of £2,000,000	£ 2,000,000	6a	No	
30		7f	APPROVE the requested Pennine Way, Bellingham development budget		5e NIBP	Yes	RM 8 unless in BP
31			APPROVE the request to seek an additional Loan Application of £1,500,000	£ 1,500,000	6a	No	
32		7g	APPROVE the purchase of the land at Moorside, Newbiggin-by-the-sea for £300,000 plus Stamp Duty	£ 300,000	5e NIBP	Yes	RM 5. Capital Expenditure over £250k unless in BP
33			APPROVE the request to seek a Loan Application of £4,250,000	£ 4,250,000	6a	No	
34			APPROVE the requested development budget		5e NIBP	Yes	RM 8 unless in BP
35		7h	APPROVE the purchase of this Hadston brown field site to accommodate the construction of 75 new homes and associated infrastructure for the sum of £125,500 plus Stamp Duty	£ 125,000	5e NIBP	No	RM 5 may apply if cumulative change came to £500k
36			APPROVE the request to seek a Loan from the NTCA Brownfield Fund for £900,000	£ 900,000	5f	No	
37			APPROVE the request to seek a Loan Application of £4,500,000	£ 4,500,000	6a	No	
38			APPROVE the requested development budget		5e NIBP	Yes	RM 5. Capital Expenditure over £250k unless in BP
39		7i	AUTHORISE the Company to enter all necessary contracts and agreements to deliver the Lyndon Walks Affordable project for NCC provided costs are within budget and procurement has been in accordance with the Company's approved procurement policy.		5e NIBP	No	As long as no net expenditure over £250k or cumulatively above £500k
40	13.10.23	9a	APPROVE the purchase of Longhorsley site to accommodate the construction of 55 new homes and associated infrastructure for the sum of £3,750,000 (excluding Stamp Duty), subject to Northumberland County Council loan facility approval.	£ 3,750,000	5e NIBP	Yes	RM 5. Capital Expenditure over £250k unless in BP
41		9b	APPROVE the sale of the Leasehold interest in:			No	
42			17B for the sum of £140,000 Plus VAT	£ 140,000	4c	No	RM 4 is relevant, but is not meant for this type of disposal of property at market value. Not a material asset.
43			17E for the sum of £65,000 Plus VAT	£ 65,000	4c	No	RM 4 is relevant, but is not meant for this type of disposal of property at market value. Not a material asset.
44			17G for the sum of £80,000 Plus VAT	£ 80,000	4c	No	RM 4 is relevant, but is not meant for this type of disposal of property at market value. Not a material asset.
45		9c	APPROVE the sale of the Freehold interest in units A & B North Road Industrial Estate, within Ramparts Business Park, together for the sum of £460,000 plus VAT.	£ 460,000	4c	No	RM 4 is relevant, but is not meant for this type of disposal of property at market value. Not a material asset.
46		9e	APPROVE the regrading of the Head of Finance to Director of Finance (an executive team role) with a commensurate uplift in salary (to £90kpa)	£ 25,000	8a, 8d, 9b	No	RM 8 may apply if cumulative change came to £250k

Summary	
Number of RM requests in total	46
Number that would still be RM	15 unless in BP
Number of matters no longer RM	31

This page is intentionally left blank

SHAREHOLDER CABINET COMMITTEE

9 April 2024

Advance Northumberland Business Plan 2024-25

Report of Jan Willis, Executive Director of Transformation and Resources and S151 Officer

1. Purpose of the Report

- 1.1. To present to the Committee the Advance Northumberland Ltd draft business plan for 2024-25.

2. Recommendations

- 2.1. To review and comment on the draft business plan for 2024-25 and to authorise the shareholder representative to give formal approval for the plan.

3. Link to the Corporate Plan

- 3.1. This report is consistent with the Corporate Plan priorities of “Driving Economic Growth” and “Achieving Value for Money”.

4. Background

- 4.1. Under the operating agreement with the Council Advance Northumberland is required to submit an annual business plan for shareholder approval.
- 4.2. For the coming year, it had been the intention for a longer-term business plan to be produced as part of the external review of the company’s financial model and structure. This would have enabled recommendations from that review to be incorporated in the plan. Since the review has not yet concluded, an annual business plan for 2024-25 has been prepared for the Committee’s approval. The business plan was approved by the Advance Board on 1st March 2024.
- 4.3. The Plan does not contain any new proposals or changes in direction for the Company; it effectively codifies in a single document the discussions and decisions made by the Advance Northumberland Board and NCC over the past year, including the implications for Advance Northumberland arising from the Council’s review of the Advance Northumberland business strategy during 2022.
- 4.4. Where commercially sensitive data is required to ensure the plan is comprehensive (e.g. detailed financial data) this has been included as a confidential appendix to this report.
- 4.5. Key points to note from the draft plan are as follows:

Cabinet Shareholder Committee 9 April 2024

- Headcount is expected to increase from 170 to 211. This includes a significant increase (from 60 to 103) in the development team reflecting significantly increased activity within Ascent Homes. Corporate capacity has also been increased in health and safety, sustainability and HR and the commercial estates team has been strengthened.
 - The company continues to be impacted by significant inflation in relation to contract costs and construction materials, although these pressures are starting to ease. This has impacted on some town centre regeneration and strategic employment schemes and house building.
 - The housing market has been impacted by rising mortgage rates, however these have now peaked. To mitigate risk the company has commenced building affordable homes for NCC and other registered social providers which carries lower sales risk, but with smaller margins. Higher interest rates have also fed through to the company's cost of capital.
 - The new North East Mayoral Combined Authority will have a key role in sectors such as housing, regeneration and economic development in which the company operates. The company will continue to keep this under review and maintain dialogue with NCC and NEMCA officers as further details of the new devolution arrangements emerge.
 - The company will continue to work with NCC to consider the detailed implications of the ongoing review of company structure and financial model and to develop implementation plans.
 - Following the reconstitution of the Advance Board, the Company has reviewed and updated its Articles of Association. The Schedule of Delegations and Operating Agreement will now be drafted for approval by this Committee.
 - Key strategic projects during the forthcoming year include completion of dock construction works and the procurement of a dock operator for NEP1, development of further opportunities on NEP2 to support the clean energy sector and exploration of options to maximise the long-term value of the Manor Walks shopping centre and Westmoreland retail park in Cramlington. The company will continue to work closely with NCC to deliver regeneration programmes in Blyth, Bedlington and Ashington, including refurbishment and letting of empty properties on the Hirst estate.
- 4.6 Further detail for each of the main business lines is provided in the confidential appendices, together with the medium-term financial plan and strategic risk register.

Cabinet Shareholder Committee 9 April 2024

IMPLICATIONS ARISING OUT OF THE REPORT

Policy	None.
Finance and value for money	There are no direct financial implications arising from this report.
Legal	Shareholder oversight of the business plan is an executive function which falls to the Shareholder Committee for approval.
Procurement	None.
Human Resources	None.
Property	None.
Equalities	None.
Risk Assessment	Risks are identified in the strategic risk register, attached as a confidential appendix.
Crime & Disorder	None.
Customer Considerations	None.
Carbon Reduction	None.
Health & Wellbeing	None.
Wards	All.

Background Papers:

Report sign off:

	Name
Monitoring Officer/Legal	Stephen Gerrard
Executive Director of Transformation and Resources & S151 Officer	Jan Willis
Chief Executive	Helen Paterson
Portfolio Holder(s)	Wojciech Ploszaj

Report Author:

Jan Willis, Executive Director of Transformation and Resources

(01670) 624783

jan.willis@[northumberland.gov.uk](mailto:jan.willis@northumberland.gov.uk)

Cabinet Shareholder Committee 9 April 2024

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank