



# Northumberland County Council

## **SHAREHOLDER CABINET COMMITTEE**

20 July 2023

### **Advance Northumberland Business Plan 2023-24**

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

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#### **1. Purpose of the Report**

- 1.1. To present to the Committee the Advance Northumberland Ltd draft business plan for 2023-24.

#### **2. Recommendations**

- 2.1. To review and comment on the draft business plan for 2023-24 and, subject to no significant amendments, to authorise the shareholder representative to give formal approval for the plan following adoption by the Advance Northumberland Board.

#### **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. 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 2023/24 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. Unfortunately, the review has taken longer than anticipated to be concluded, and therefore at the request of the Council’s shareholder representative, an annual business plan for 2023-24 has been prepared for the Committee’s approval. It should be noted that at this stage, the business plan is draft and has not been approved by the Advance Board. It is due to be considered by the Board at their meeting on 14<sup>th</sup> July 2023.
- 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 recent months, 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 the confidential appendix to this report.

4.5. Key points to note from the draft plan are as follows:

- Headcount is expected to increase from 154 to 212. This includes a reduction in the economic growth and investments team and significant increases in headcount in Ascent Homes reflecting significantly increased activity and the Homes team due to insourcing of maintenance activities. A small increase in corporate headcount is also proposed.
- The company continues to be impacted by significant inflation in relation to contract costs and construction materials. This has impacted on some town centre regeneration and strategic employment schemes and house building.
- The full impact of rising mortgage rates has not yet been felt on house sales; however, this is being kept under review and if necessary, new homes will be offered for rent, either through Advance Northumberland Homes or social housing providers in the county.
- The company will be working with the Council and North of Tyne Combined Authority to seek replacement funding streams (including includes UK Shared Prosperity Fund) for business support and economic development programmes as legacy EU funding comes to an end. However, the quantum of funding available is likely to be smaller.
- The impact of the new North East Combined Mayoral Authority on company operations is as yet uncertain. The company will continue to keep this under review as further details of the new devolution arrangements emerge.
- Implementation of any new proposals arising from the ongoing review of company structure and financial model (which are the subject of a separate report on the Committee's agenda) will be a key area of focus during the second half of the year.
- In parallel with this review, Advance will start to explore other sources of investment funding (such as 'green' funds that can offer cheap finance for decarbonisation projects) and possible further joint ventures (where risk, finance and reward are shared), building on the successful joint venture approach with Northumberland Estates to regenerate a site in Prudhoe.
- Following the reconstitution of the Advance Board in recent months, the Company will review and update its Articles of Association, Schedule of Delegations, and Operating Agreement. Any changes will be subject to shareholder approval.
- Key strategic projects during the forthcoming year include completion of dock works and the procurement of a dock operator for NEP1, development of

further opportunities on NEP2 to support the offshore wind sector for interconnectors and convertor stations and exploration of options for the redevelopment of the Manor Walks shopping centre and Westmoreland retail park in Cramlington. The programme of refurbishment and letting of empty properties on the Hirst estate in Ashington will also continue.

4.6 Priorities for the company over the coming year are set out under 3 key themes:

**Strengthen foundations**

- Continue to strengthen relationships with NCC at all operational and strategic levels
- Complete the process of updating governance arrangements
- Along with NCC, reform the corporate structure and financial model of the Company
- Continue systems improvements to promote future efficiency and effectiveness of operations

**Continue to deliver**

- Continue to deliver all current business lines
- Continue to deliver all projects in progress

**Plan for the future**

- Work with NCC to define future priorities for the Company
- Work with NCC to increase Northumberland's strategic employment land supply and as appropriate, tactical acquisition of strategic assets within Northumberland
- Explore growth options around housebuilding and project management
- Put in place a clear plan for assets in the Commercial and Homes portfolios
- Work with NCC to create/support plans for strategically important assets
- Explore options for capital finance and/or joint ventures
- Monitor and plan for changes to public funding regimes and the North East institutional geography changes
- Develop new programmes for business support across the county

4.7 Further detail for each of the main business lines is provided in the business plan and the medium-term financial plan and strategic risk register are included as confidential appendices.

## IMPLICATIONS ARISING OUT OF THE REPORT

<b>Policy</b>	None.
<b>Finance and value for money</b>	
<b>Legal</b>	
<b>Procurement</b>	None.
<b>Human Resources</b>	None.
<b>Property</b>	None.
<b>Equalities</b>	None.
<b>Risk Assessment</b>	
<b>Crime &amp; Disorder</b>	None.
<b>Customer Considerations</b>	None.
<b>Carbon Reduction</b>	None.
<b>Health &amp; Wellbeing</b>	
<b>Wards</b>	All.

### Background Papers:

### Report sign off:

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

### Report Author:

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