

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:

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- 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.

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

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