



Arch Board Minutes

Date/Time

Friday 21st July 2017
09:00 – 16:00

Venue:

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

In attendance:

Cllr Richard Wearmouth
Cllr Peter Jackson
Cllr Wayne Davey
Cllr Jeff Reid

Arch Chair
Leader, NCC
Deputy Leader, NCC
Policy Board Member/Leader of Liberal
Democrat Group

Cllr Grant Davey

Chris Sayers

Chair of the Board of Governors,
Northumbria University

John Woodman

Present:

Daljit Lalley
Allison Joynson

NCC Interim Chief Executive
NCC Director of International Products &
System Transformation
NCC Finance Director
Arch Interim Director of Strategy
Arch Personal Assistant

Neil Bradley
Robin Beveridge
Kim Grant (Minutes)

Part:

Michael Black
Duncan Bowman
Lee Farrier
Anthony Crabb
Paul Littlefair

Arch Head of Investments
Arch Development Director
Arch Head of Estates
Arch Projects Director – Major Projects
Arch Projects Director – Commercial &
Infrastructure
Arch Head of Economic Growth
Arch Homes Manager

Julie Dodds
John Moran





1.0 Welcome and Introductions

- 1.1 The Chairman welcomed the attendees to the meeting.

2.0 Apologies for Absence

- 2.1 The Chairman reported that there had been no apologies for absence.

3.0 Declarations of Interest

- 3.1 There was one declaration of interest from John Woodman regarding Item 7: Beadnell.

4.0 Minutes of Previous Meetings

- 4.1 The minutes of the previous meetings held on the 6th April 2017 and the 21st June 2017 were reviewed and **AGREED** as an accurate record of proceedings.

5.0 Matters Arising

- 5.1 A discussion took place on the potential dates for future Board meetings and agreed as the 3rd Friday of every month.

6.0 Induction Presentations

- 6.1 The Director of Strategy introduced the presentations and explained that these would be a summary of the work of Arch across the six Corporate Programmes.
- 6.2 The Director of Strategy went on to give a financial overview of Arch.
- 6.3 The Director of Strategy stated that communications were a fundamentally important part of what Arch does. As part of this it was felt important to raise awareness of the fantastic business opportunities within Northumberland.
- 6.4 Cllr Peter Jackson asked for a figure of how much had been spent on communications in 2016/17.
- 6.5 The Head of Investments gave a presentation covering Property Investment and Commercial Development.
- 6.6 John Woodman enquired as to what triggered interest in a particular area.
- 6.7 The Head of Investments confirmed that it was a combination of occupier interest, land ownership and opportunity, site assembly and opportunities for Arch to intervene and generate income for the business.
- 6.8 Cllr Peter Jackson enquired as to the timeline for Prudhoe.

- 6.9 [REDACTED]
- 6.10 The Development Director gave a presentation covering Residential Development.
- 6.11 Cllr Peter Jackson enquired as to whether the original intention of 200 units per year would be achieved this year.
- 6.12 The Development Director confirmed that the current forecast showed circa 100 units, however there would be a significant reduction on these numbers as schemes had been delayed and removed from the forward plan. Whilst these numbers would be delivered in future years they would not be complete by the end of next March.
- 6.13 John Woodman asked whether Arch always managed the PRS sites going forward.
- 6.14 The Development Director confirmed that they went into the Arch Homes portfolio.
- 6.15 The Development Director went on to explain that “Affordable” was 80% of open market rent [REDACTED]
- 6.16 The Head of Estates gave a presentation covering Estate Management.
- 6.17 Cllr Peter Jackson stated that Arch had properties that were spread around the County and asked whether it would be possible to rationalise these.
- 6.18 The Head of Estates confirmed that there were areas where this could be achieved going forward.
- 6.19 Cllr Peter Jackson enquired as to how Arch forward managed difficult properties.
- 6.20 The Head of Estates confirmed that Arch had a draft business growth plan for Homes and within that a strategy moving forward which would be brought to a future Board meeting.
- 6.21 Cllr Peter Jackson stated that commercial occupancy levels should be a lot higher than they were 2 to 3 years ago.
- 6.22 The Head of Estates confirmed that 3 years ago the occupancy level was 80% which had now risen to 94% and that this was above average for commercial estates.
- 6.23 The Arch Projects Director – Major Projects and the Arch Projects Director – Commercial & Infrastructure gave a presentation covering Project Management.

6.24 Cllr Peter Jackson stated that Arch had the capacity to deliver successful projects that wasn't possible 5 to 6 years ago with more than enough projects in the pipeline.

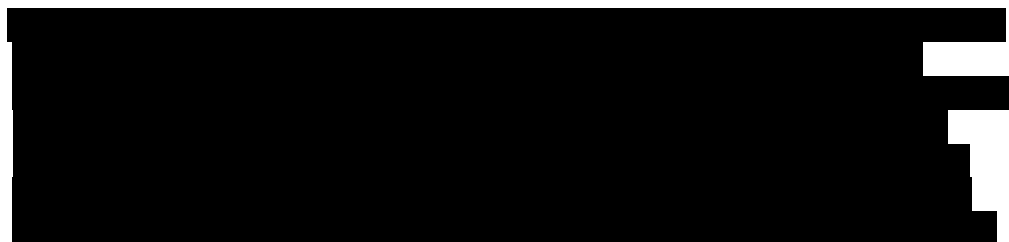
6.25 The Arch Head of Economic Growth gave a presentation covering Economic Growth.

7.0 Review of Previously Approved Projects

7.1 Manor Walks

7.1.1 Head of Investments provided an overview of Manor Walks Shopping Centre and Westmorland Retail Park. He explained that while it represented a very strong retail and leisure investment, there was still opportunities for improvement through land assembly and planned asset management. Head of Investments confirmed that a number of retailers and leisure operators had made offers to secure space on the site. A number of discussions then took place regarding the site assembly of the Cramlington "Civic Quarter" and the car parking strategy for the site.

7.1.2



The Head of Investments confirmed car parking was an issue and suggested that a strategic car parking management strategy for the site should be prepared to deal with existing and future provision and this was agreed.

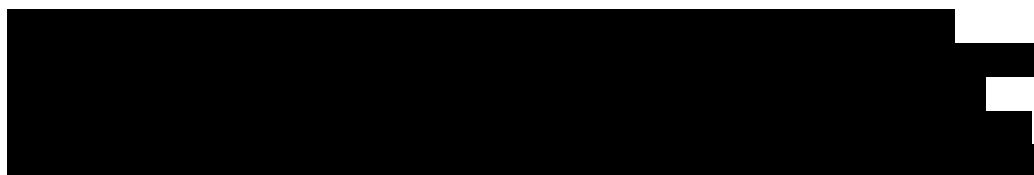
7.1.3 The Chairman confirmed that NCC leadership were to consider funding and delivery of a new roundabout [REDACTED].

7.1.4 John Woodman asked Arch to confirm the valuation of the retained southern terrace development land.

7.2 Amble Braid

7.2.1 The Head of Investments gave an update presentation covering The Braid, Amble. This project was previously approved by the Arch Group Investment Committee in February 2017.

7.2.2



7.2.3

7.2.4

7.3

Willowburn

7.3.1

The Development Director gave an update presentation covering Willowburn at Guidepost. This project was previously approved by the Arch Group Investment Committee in January 2017.

7.3.2

The Development Director confirmed that this request was for Arch (Development Projects Ltd) (Arch) to enter into an Option Agreement to acquire land at Whinney Hill Farm, situated between Guidepost and Choppington, along with approval to enter into a Collaboration Agreement [REDACTED]. The collaboration detailed how the two parties would work together on the same development site.

7.3.3

The Development Director went on to confirm that the approval also requested the drawdown of development funding [REDACTED].

7.3.4

The Development Director stated that the scheme was subject to a pre-planning public consultation and that the leader of Choppington Parish Council, David Nicholson, had spoken in support of the scheme at the planning committee. The scheme obtained a detailed planning consent in March 2017.

7.4

8 Woodhorn Road

7.4.1

The Head of Estates gave an update presentation covering 8 Woodhorn Road, Ashington. This acquisition was originally approved by the Arch Group Investment Committee in April 2017.

7.4.2

The Head of Estates confirmed that this acquisition would provide an investment income into the Arch Commercial Estates portfolio and a future potential development opportunity as a key strategic site within the Portland

Park scheme.

7.5 **Beadnell**

7.5.1 The Homes Manager gave an update presentation covering a proposed Arch Homes housing development in Beadnell. This project was originally approved by the Arch Board in April 2017.

7.5.2 The Homes Manager confirmed that the proposed scheme offered a good opportunity to further grow and diversify the Arch Homes rental portfolio with high quality homes in a desirable location. Delivering the estate in its entirety offered good opportunities for proactive and efficient estate management, whilst strong demand in the area would be conducive to high levels of occupancy. Although the projected rental income would provide good year-on-year profits, high levels of capital appreciation were also forecast which would yield large capital receipts if Arch chose to dispose of any of the units.

7.5.3

[REDACTED]

7.5.4 Cllr Peter Jackson stated that he had concerns with this project on a number of levels; commercially the 5% yield was too low, it was a development in a small community without making great provision for extra facilities in the local community and the reputational impact on Arch as a company.

7.6 **Unit 9, Wansbeck Business Park, Ashington**

7.6.1 The Head of Estates gave an update presentation covering Unit 9, Wansbeck Business Park, Ashington. This project was originally approved by the Arch Board in April 2017.

7.6.2 The Head of Estates confirmed that this was a good quality commercial investment of a 598sq m industrial unit supporting business growth in Ashington whilst increasing Arch's influence and control over Wansbeck Business Park.

The Board:

7.7 **APPROVED** funding [REDACTED] to complete site assembly of Cramlington "Civic Quarter" to include acquisition of NCC Social Services offices, adjoining NHS building and Phoenix Public House.

7.8 **APPROVED** funding [REDACTED] to demolish all existing buildings on the site and deliver circa 650 surface car park spaces to alleviate immediate pressures on existing provision and in preparation for future development. This included an allowance for planning and design fees.

- 7.9 **NOTED** the requirement of a financial contribution from NCC of circa £2m to deliver a new roundabout at the western approach to the site at the junction of Forum Way and Melling Road. This also included an allowance for planning and design fees.
- 7.10 **NOTED** that the acquisition of the NHS Social Services Building, NHS Building and delivery of 650 car parking spaces was subject to the requirement of a financial contribution from NCC [REDACTED]. This also included an allowance for planning and design fees.
- 7.11 **NOTED** the Manor Walks Shopping Centre and Westmorland Retail Park Asset Management Investment Plan in Appendix 2 that was developed during the acquisition of Manor Walks.
- 7.12 Request to Board for the unconditional purchase of 5.76 acres of land on a site known as "The Braid" Amble [REDACTED] was **NOT APPROVED**.
- 7.13 **APPROVED** Arch (Development Projects) Ltd [REDACTED] to jointly acquire land between Guide Post and Choppington from East Sleekburn Estates Ltd.
- 7.14 [REDACTED]
- 7.15 **APPROVED** development costs [REDACTED] on fees necessary to obtain a planning approval and complete the feasibility works.
- 7.16 **APPROVED** the acquisition of 8 Woodhorn Road, Ashington in the sum of £207,750, an investment property with future development potential within the Arch Portland Park regeneration scheme.
- 7.17 Request to Board of funding for the acquisition of land at Beadnell, SDLT and associated legal and surveying costs plus SDLT [REDACTED] was **NOT APPROVED**.
- 7.18 Request to Board of Arch entering into a JCT contract [REDACTED] for the delivery of 52 properties at Beadnell was **NOT APPROVED**.
- 7.19 **APPROVED** the acquisition of Unit 9 Wansbeck Business Park, Ashington [REDACTED]
- 8.0 **New Approvals**
- 8.1 **Ponteland Library Contractor**

- 8.1.1 The Development Director talked through the paper and confirmed that as part of Arch's commitment to assist Northumberland County Council in improving the delivery of housing throughout the County a suitable site had been identified to provide a range of one and two-bedroom apartments which would include four affordable properties.
- 8.1.2 The Development Director confirmed that, as agreed by the Board, the construction contract for the Ponteland development would be placed directly by Arch Development Projects Ltd on a Design and Build basis. The scale of the contract required the approval of the Arch Board.
- 8.1.3 The Development Director went on to state that tender submissions were sought for a principal contractor to deliver the project in compliance with public sector procurement procedures and OJEU tendering requirements.
- 8.1.4 The Development Director confirmed that following a prequalification process which assessed relevant experience, resources and financial standing, seven contractors had been invited to submit to ITT stage.
- 8.1.5 The Development Director went on to confirm that following tender assessments the preferred Contractor was Surgo Construction.
- 8.2 **Amble Hotel**
 - 8.2.1 The Head of Investments gave a presentation covering the background to the proposed Hotel development on Coquet Enterprise Park.
 - 8.2.2 The Head of Investments confirmed that this scheme would deliver a high quality 30 bed hotel and 150 seated bar and restaurant in Amble. As part of a coordinated series of commercial development opportunities being promoted by Arch on Coquet Enterprise Park, the scheme had the opportunity to deliver a number of positive outcomes, the primary objective being regeneration.
 - 8.2.3 The Head of Investments went on to confirm that, with grant funding available to assist the Hotel proposal, Arch had progressed a scheme to deliver a high-quality leisure offer. Following open marketing for an operator in April 2017 the Inn Collection Group were awarded preferred hotel operator status and planning permission for the scheme was obtained in February 2017.
 - 8.2.4 The Head of Investments stated that, with regeneration as the key driver, the opportunity existed for Arch to deliver a new 30 bed hotel with bar and restaurant supporting job creation, tourism in Northumberland and economic growth in Amble.
 - 8.2.5 The Head of Investment reminded the Board that there were a number of key risks, in financial terms, for this scheme [REDACTED]
 - 8.2.6 Cllr Peter Jackson stated that he felt there was a real regeneration purpose to this project and that the project would have a big impact as there was a shortage of quality overnight stay locations in the area.

- 8.2.7 Cllr Grant Davey stated that the potential creation of up to 67 jobs plus 50 construction jobs was an opportunity that didn't come up very often in that area.

The Board:

- 8.3 **APPROVED** the tender submitted by Surgo Construction [REDACTED] based on a 48-week construction programme and for Arch Development Projects Ltd to duly award the contract.
- 8.4 **APPROVED** the funding of the design and build of a new 30-bed hotel with bar and restaurant on a vacant site at Coquet Enterprise Park, Amble [REDACTED]
- 8.5 **DELEGATED** approval to the Chair of the Arch Board and Arch Group Chief Executive to enter into Agreement for Lease with the Inn Collection Group.
- 8.6 **DELEGATED** approval to the Arch Group Chief Executive to enter into a construction contract with Tolent.
- 9.0 **Delegated Authority**
- 9.1 [REDACTED] Board was asked to approve a variation to the scheme of delegation that conferred the delegations to the post holder (Chief Executive, Director of Finance, and Director of Business Strategy) rather than the named individual. This was approved by Board.
- 10.0 **Reports to Note**
- 10.1 Board agreed the Reports to Note and there were no comments or queries. Recommendations within those reports were agreed to be actioned.
- 11.0 **Any Other Business**
- 11.1 [REDACTED]
- 11.2 Cllr Peter Jackson requested that the rationale for the original purchase of the site be located as he would like to understand the circumstances covering the purchase of the plot.
- 11.3 The NCC Finance Director confirmed that the Ascent Homes Site Sales Manager for Plessey Green, Blyth wished to purchase the show home at Plessey Green.
- 11.4 Cllr Peter Jackson commented that, in the spirit of transparency, this purchase should be presented to Board.
- 11.5 The NCC Interim Chief Executive confirmed that having, as the shareholders representative, met with Arch staff and listened to their concerns it was proposed that an arrangement called "Safecall" be implemented. This was a reporting hotline for staff who may wish to raise concerns or have a confidential

discussion with someone.

- 11.6 The NCC Interim Chief Executive re-iterated to Board that there were currently cover arrangements in place for the Chief Executive and Finance Director positions. To ensure that the right level of support to staff was offered in terms of IT, HR and Communications NCC proposed to provide more formal support in to the organization.
- 11.7 The Chairman confirmed that he would like Health & Safety to be a standard item on the Board agenda going forward, potentially to highlight any incidences that had been reported since the previous Board meeting.
- 11.0 The Chairman thanked the Board for their attendance and closed the meeting at 15:45.

..... **CHAIRMAN**

21 June 2017