

FREEPORT EAST SHADOW SUPERVISORY BOARD

MINUTES OF MEETING HELD ON 16 FEBRUARY 2022	
virtual meeting	
Present	Shadow Supervisory Board Members: Mark Taylor (Acting CEO, Hutchison Ports), Clemence Cheng (Hutchison Ports), Cllr Steve Gallant (East Suffolk Council), Cllr Lesley Wagland (Essex County Council), Cllr Suzie Morley (Mid Suffolk District Council), Cllr Neil Stock (Tendring District Council), Chris Starkie (NALEP), Cllr Richard Smith (Suffolk County Council), Prof Anthony Forster (University of Essex) and Emily Atack (Gateway 14)
Others in attendance	Cllr Gerard Brewster (MSDC), Fiona Duhamel and Michelle Gordon (MSDC), Stephen Baker, Andy Jarvis, Paul Wood, Chris Bing and Brian Mew (ESC), Steve Evison and Andy Burgess (ECC), Ian Davidson and Lee Heley (TDC), Michael Cousens (Project Manager), Jai Raithatha, Louise Aynsley and Guy Gibson (SCC), Alex Riley (SELEP), Mike Dowdall (NALEP), Neil Glendinning (HHA), Anita Thornberry (HGP), Daniel Maclean and Robert Willis
Apologies	George Kieffer (Acting Chair) and Robert Edge (HGP)
1.	Welcome and introductions
	MT welcomed everyone to the meeting and assumed the role of Chair in the absence of GK who was having technical difficulties.
2.	Minutes of the last meeting
	The minutes of the meeting held on 10.12.21 were considered. It was proposed by ECC that item 5 should be amended because it was not their recollection that the Board had approved incorporation of Freeport East as a CLG. It was their recollection that a CLG was just one potential model moving forward. This view was endorsed by TDC, although others in attendance at the meeting in December had felt the CLG was agreed as the preferred model and was included in both our Bid and approved Outline Business Case. The Board agreed to amend the minutes of the last meeting to reflect that the Board noted that the incorporation of Freeport East as a CLG was the preferred model and the Monitoring Officers/Section 151 group (with private sector input) will consider the issues posed in the paper and report back to the next meeting.
3.	Declarations of Interest
	There were no declarations of interest.
4.	Full Business Case update
	<ul style="list-style-type: none"> • Deadline for submission of the FBC is 15.04.22 and we are on track to meet this deadline. • Various sub-groups have been established (in addition to the MO/S151 group) to ensure we deliver a compelling and robust business case, with support from the Freeport Hub. These sub-groups cover areas including Skills, Inward Investment,

FREEPORT EAST SHADOW SUPERVISORY BOARD

	<p>Innovation, Equalities, Security etc.</p> <ul style="list-style-type: none"> • Last week a visit to Felixstowe by DLUHC took place who were pleased with progress. • Next update on the FBC is due on 21.02.22 and the sub-groups are working on high level updates to feed into the FBC by the end of February. • MC confirmed that he was comfortable with the resources currently in place and wished it to be noted that he was very appreciative of the support received from all partners to date.
5.	Freeport East financing update
	<ul style="list-style-type: none"> • Item presented by Brian Mew, Chief Finance Officer for ESC on behalf of the MO/S151 sub-group. • The paper in support of this item had been prompted by comments from Section 151 Officers around local authority borrowing against retained business rates and the impact of this on the Prudential framework they work to. However, it was noted that further work on the possibility of other external funding had now changed the picture. • The paper advised the inclusion of certain recommendations within the FBC, subject to a minor late amendment to recommendation 1 with the last sentence to now read <i>“That the relevant billing authorities will explore appropriate mechanisms to allow the Pot B income to be transferred to another party over the lifetime of the Freeport to support the relevant external partner to unlock the required upfront funding into the tax site.”</i> • MC confirmed that individual councils would not be prevented from forward funding their own sites in the future. • The ambition is to continue to engage with the Treasury regarding additional funding as has been the case with other Freeports. • It was confirmed that the principle is to create a mechanism that allows income from Pot B to be transferred to a third party to help unlock funding. Borrowing through a third party will have no impact on Freeport East. • MC confirmed that it is proposed that requests for additional capacity funding will come from Pot C. • If, theoretically, one local authority does not agree to contribute their share of the forward funded revenue for Pot C (nominally £80k per annum per authority), then the shortfall will need to be covered by the other partners. • The Board agreed in principle to the recommendations contained within the report subject to the amendment above. An updated paper will be circulated. ACTION: Brian Mew
6.	Bathside Bay update

FREEPORT EAST SHADOW SUPERVISORY BOARD

	<ul style="list-style-type: none"> • Some remodelling has taken place in terms of what the site could look like with the result that the amount of retained rates forecast to come from the Harwich tax site being higher than envisaged in the OBC. • The latest calculation in relation to retained business rates is close to £120m. • ECC requested sight of the modelling assumptions and the detail behind it in order for the local authority finance teams to consider the detail. ACTION: Michael Cousens • The Board recorded their thanks to all those who have been working on this element, both commercial and planning aspects.
<p>7.</p>	<p>Governance and Incorporation – Freeport East Limited</p>
	<ul style="list-style-type: none"> • Following the last Board meeting, the options analysis provided and the information given by Browne Jacobson, a number of meetings involving all Council MOs/S151 officers and HPUK had taken place subsequently around whether a CLG was the preferred model and, if so, what the implications would be. • Chris Bing (Monitoring Officer for ESC) presented a paper on behalf of the Monitoring Officers. • In November 2021 a workshop involving Browne Jacobson and all the MOs was convened to consider potential governance models. Following that workshop, Browne Jacobson drafted a paper setting out the pros and cons of each and the recommendation (as set out in the paper considered by the Supervisory Board in December 2021) was that a CLG was the most appropriate vehicle. • The Board accepted that there was no perfect option with all options having both advantages and disadvantages. • The MOs, S151 Officers and Hutchison Ports have considered the CLG in significant detail and the report before the Board today seeks to assuage any concerns regarding a CLG. • A CLG is a separate legal entity that can enter into contracts on its own behalf. It also provides the necessary flexibility and is future proof. The vast majority of Freeports are pursuing this model. • The Board was asked to confirm their preferred option to allow for incorporation. • ESC confirmed its support for the CLG approach and emphasized that time was of the essence. • MSDC confirmed their support for the CLG approach. • SCC confirmed their support for the CLG model and would like input into the Articles of Association. • TDC were of the view that it would have been helpful to have seen the pros and cons (and further details) of all five models and whilst not opposed to a CLG model, they were concerned about Director responsibilities. They were also aware that

FREEPORT EAST SHADOW SUPERVISORY BOARD

other not for profit models are available. TDC did not believe there was a rush to establish the company because it would not be trading for some time. They were also concerned about the position Directors will be put in in terms of making decisions in the best interests of the company that may be at odds with their home authority.

- NALEP – when the LEPs were established 10-12 years ago, their experience was that a CLG was the most appropriate model. Directors sitting on any Board should always be working in the best interests of that company. NALEP endorsed the view that a paper setting out further details as to why the other four models are not as appropriate would be helpful, although noted that Government would be looking for a tighter form of governance that a CLG offers.
- In terms of the number of Directors, this is likely to be one per organisation – approximately 10 in total. This detail was included in our Bid and our approved OBC and Critical Action responses will be updated in due course, but the governance model needs to be agreed first.
- ECC stated that the December paper concluded with a question regarding what the company proposed to do and at that point in time this question had not been resolved making all the options theoretical. However, we now know the answer to this question and so the options should be revisited. LW confirmed that ECC's MO had reservations because of the issues previously experienced with other bodies and, as a result, ECC must ensure that any model will be approved by their own internal governance processes. As a result, ECC was not currently able to confirm their preferred model.
- Timings discussed. It was noted that the company does not need to be in place in time for submission of the FBC in April and that there is a danger that a company can be set up too early. However, the preferred model does need to be referenced in the FBC.
- It is proposed that the CLG will be responsible for developing plans and proposals and there was a need to better understand how that will work in relation to local authorities and how the company will sit alongside all the partners.
- Currently out to advert for a Chair and Chief Executive and so the Freeport East Limited company will need to be in place in order to employ both, and subsequent staff.
- It was noted that MOs provide advice to their local authority having considered all relevant information but they do not make the decisions.
- A question was raised as to whether a Members Agreement was critical here in terms of what will be delegated to Members rather than Directors. ESC would be supportive of this approach and will explore further.
- The Board agreed that a further (fuller) paper was required setting out all the advantages and disadvantages of each model before an in principle agreement

FREEPORT EAST SHADOW SUPERVISORY BOARD

	<p>could be reached by all partners. This will be circulated shortly. ACTION: Paul Wood</p> <ul style="list-style-type: none"> • It was further agreed that all relevant information should be brought together in the form of an information pack of for Members to take to their respective authorities in order for their decision to be made. If any MOs has concerns as a result of receiving this information, they will need to clearly set these out and put forward a solution in order to move forward. • An extraordinary meeting of the Supervisory Board will be convened in due course to shortlist the Chief Executive and Chair applications and to agree the preferred governance model. This will need to happen prior to the next Supervisory Board on 06.04.22. ACTION: Mark Taylor to propose date for extraordinary meeting • It was noted that whilst there are merits to an in-person meeting, this may be unrealistic.
8.	Recruitment - permanent Chair and Chief Executive
	<ul style="list-style-type: none"> • A recruitment sub-group was established (supported by a recruitment specialist) and a recruitment pack produced. The roles are currently being advertised on various platforms. Closing date is 20.02.22. • As of 15.02.22, 14 applications had been received, 10 for the Chief Executive and 4 for the Chair. All male at this moment in time which is disappointing. • It was proposed that the shortlisting and interview panels should comprise the Acting Chair, Acting Chief Executive, Cllr Gallant and Cllr Wagland. • A wider shortlisting panel was preferred by the Board involving representatives from all partner organisation and nominated representatives should be sent to MT as soon as possible. ACTION: (All) The interview panel will remain as above • Currently working on interview questions and shortlisting criteria. • Need to consider Plan B should we manage to appoint whilst not having an appropriate employment vehicle in place. The Lead Authority will need to provide business continuity for the period between appointment and start date. • The Board reviewed the proposed remuneration packages for both roles as set out within the supporting paper and agreed these to be appropriate.
9.	Capacity Funding – latest budget statement
	Paper noted.
10.	Any Other Business
	DIT engagement/HMT Connect Event – DIT is preparing marketing materials for the Freeports to encourage inward investment and Freeport East has met with them in terms of its own marketing. In addition, the Treasury are hosting another Connect Event (details/timings yet to be confirmed) and have asked all Freeports for a list of prospective businesses/interested parties to invite. Freeport East has forwarded a

FREEPORT EAST SHADOW SUPERVISORY BOARD

	nominated list of 20 potential invitees.
	Meeting closed at 15:50