

**FREEPORT EAST LIMITED
SUPERVISORY BOARD**

Minutes of a meeting of the Board of Directors of FREEPORT EAST LIMITED (**Company**) held at The Mix, Stowmarket on 26 September 2023 at 14:00pm.

PRESENT:	NAME	POSITION
	Mark Lemmon	Chair
	Steve Beel	Chief Executive Officer
	Cllr Richard Smith	Director
	Cllr Lesley Wagland	Director
	Chris Starkie	Director
	Dr Robert Singh	Director
	Andrew Lawrence	Director
	Cllr Rachel Eburne	Director
	Cllr Ivan Henderson	Director
	Cllr David Beavan	Director
	Holly Brett	Alternate Director

IN ATTENDANCE:	NAME	ORGANISATION
	Paul Wood	East Suffolk Council
	Lorraine Rogers	East Suffolk Council (S151 officer)
	Paul Davey	Hutchison Ports
	Lee Heley	Tendring District Council
	Samantha Jones	Essex County Council
	Robert Hancock	Suffolk County Council
	Fiona Duhamel	Babergh and Mid Suffolk Council
	Sarah West	Harwich Haven Authority
	Marie Finbow	Freeport East
	Simon Papworth	Freeport East
	Steven Wilson	Freeport East
	Daisy Newton	Freeport East

APOLOGIES:		
	Clemence Cheng	Director
	Emily Attack	Director

1. **Notice and quorum**

The Chair declared the meeting open.

2. **Welcome and Introductions**

The Chair welcomed all attendees to the Freeport East Supervisory Board meeting.

The Chair noted that Clemence Cheng had appointed Andrew Lawrence as his proxy for the meeting. The Chair further noted that Holly Brett was attending as the duly notified Alternate Director for Emily Atack.

3. **Minutes of the last meeting**

The minutes of the meeting held on 22 June 2023 were **Agreed**.

There were no matters arising.

4. **Declarations of interest**

Each Director present declared that they had no new interest which they were under a duty to disclose in accordance with section 182 of the Companies Act 2006 (The Act) in any existing transaction or arrangement or section 177 of the Act in any proposed transaction or arrangement with the Company or was otherwise required to be disclosed in accordance with the Articles.

Each Director noted their requirement to inform the Company of any situation or transaction that would require further disclosure from them regarding their personal interests and any conflict arising (or potentially arising) from them.

5. **Risk Summary and Work Programme delivery update**

The Chief Executive introduced the risk summary. It was noted that, in accordance with the risk management process, the risk register had recently been reviewed by the Freeport East management team and then further discussed with the Management Committee.

The risk summary for the Board focused on a number of risks currently categorised as red which were flagged to the Board and relevant mitigating actions discussed.

These included:

- Risk No. 21 – the Board noted ongoing discussions with the Accountable Body to finalise the budgetary allowance for 23/24 which would be based on a financial mechanism to cover the anticipated delay in receipt of business rates from the tax sites. In due course, further detail would be discussed at the newly constituted Finance & Audit Committee with a final resolution to be brought to the Board in November.
- Risk No. 26 – the Board agreed with the need for the Billing Authorities to expedite work on an approach to a business rate relief scheme to support tax site occupiers to have certainty on their investment costs. The Board noted that guidance from

DLUHC was still absent despite requests made over a period of over 2 years and therefore the assumption was that this would not be forthcoming. However, the Board requested that the Chair write to DLUHC again to request any guidance that may be available.

- Risk No. 27 – the Board noted the need for a Business Rates Agreement/ Methodology to be put in place with the Billing Authorities to ensure an effective approach to ongoing forecasting of the business rates income underpinned by a centralised, single multi-site model. The Board noted that this would provide the basis for the Business Rates/Local Investment Strategy which would set out the governance, process and priorities for use of retained business rates in the coming years.
- Risk No. 20 - the Board noted that inflation, particularly in relation to construction costs, continued to act as a constraint on investment. It was noted that proposals for seed capital expenditure and under the Clean Growth and Innovation & Skills funds would be reviewed to ensure that appropriate allowances for inflation had been made.
- Risk No. 2 – the Board discussed and noted the update in relation to discussions to finalise financial investment for the Bathside Bay project. The Board were also informed of recent correspondence to the Government from Freeport East, Sir Bernard Jenkin MP and Essex County Council in relation to progressing Bathside Bay and that this was being followed up. It was also noted that a local public consultation had begun on the temporary change of use planning application to support the offshore wind port development.
- Risk No. 19 – the Board discussed whether changes in Government policy was still considered to be a red risk. Board members reflected on the potential negative impact of recent policy announcements related to net zero and uncertainty that may come with a general election in the next 12 months. It was agreed that the most effective mitigating action was to focus on delivery, in terms of inward investment and job creation, but also the positive strategies being put in place in relation to supporting green hydrogen, our wider net zero objectives and innovation and skills.

It was further noted that the risk rating in relation to seed capital expenditure had been reduced given positive progress on development and appraisal of seed capital business cases.

It was noted that the risk rating in relation to the occupier pipeline for tax sites had also been reduced. Whilst it was acknowledged that the wider economic environment continued to make inward investment challenging, the pipeline of interest had nonetheless strengthened as a result of recent Freeport East marketing and engagement in specific market sectors.

Action: Freeport East Chief Exec to provide a process / timeline in relation to the Business Rates Agreement and subsequent Business Rates Strategy at the next Board.

Action: Freeport East Chief Exec to communicate with the Billing Authorities to highlight the need to expedite completion of the process on business rates relief for the tax sites.

Action: Freeport East Chair to write to the Department for Levelling Up, Housing & Communities (DLUHC) in relation to the need for guidance on application of the Subsidy Control Act.

Action: Freeport East Chief Exec to provide an update to the next Board in relation to managing risks around changes in Government policy.

A further update was provided by the Freeport East Programme Manager (Marie Finbow) on the delivery programme. This tracks the workplan and deliverables set out in the draft Business Plan. It was noted that it also tracks across to the risk register.

The Board welcomed the clarity provided in the update and agreed it should form a regular agenda item. They requested that future versions of the report should include a timeline of actions to resolve each of the items flagged as red.

It was agreed that both the risk assessment and programme update should be standing agenda items for future Board meetings.

6. Update on MoU Milestones

An update was provided in relation to progress against the milestones set out in the Memorandum of Understanding between Freeport East and DLUHC. It was confirmed the majority of the actions have now been completed with only 4 out of an original 26 actions milestones outstanding. Many of the actions completed related to set up of the freeport and putting in place effective governance mechanisms.

The Freeport East team confirmed that DLUHC were aware of the outstanding actions and activity currently ongoing to resolve them.

The Board were informed that DLUHC had recently informed us that our annual review would take place in October / November and will conclude in March. The Board noted the importance of completing the outstanding actions, and getting the required support from other relevant parties such as the tax site owners, before the commencement of the annual review.

7. Finance Update

The Board discussed the latest update on finances.

It was noted that the Accountable Body (East Suffolk Council) had continued the work to develop a sustainable financing mechanism for Freeport East Ltd, based on forward funding against known future business rates income. Further detail would be discussed through the Finance and Audit Committee together with ongoing detailed assessment of current and future running costs.

It was noted that in the absence of a confirmed and secure budget for the year to date, the Freeport East team had been deferring or avoiding spend where possible. To date this meant they had spent approximately 25% of the full year budget half way through

the year, with the full year outturn expenditure now forecast to be approximately 60% of the originally planned full year spend. It was noted that this was clearly having a knock-on impact on what the team were able to deliver in the current year, with particular impacts in relation to outward marketing, local community and business engagement, and general staff capacity. However, this was expected to change as soon as a budget and funding mechanisms had been agreed. It was expected this would be confirmed at the November Board meeting.

The Chief Executive noted that during the FBC process DLUHC had provided feedback that the resourcing proposals for Freeport East may not be sufficient and it was important to ensure the team were adequately resourced to deliver on the breadth of activities expected.

The Board **approved** Cllr Richard Smith as the third member of the Finance and Audit Committee.

It was confirmed that the Finance and & Audit committee will be chaired by Lorraine Rogers and the members listed as Cllr Smith and Mark Lemmon. The section 151 officers from other authorities will be invited to attend as observers. Cllr Smith will be responsible for providing reports back to the Board from the Committee.

8. Occupier Assessments No 3 & No 4

The Board discussed the two further occupier assessments for prospective occupation at Freeport East tax sites. It was noted that both prospective occupiers were particularly interested in forming close working relationships with Freeport East Ltd, particularly in areas such as green logistics, wider net zero and innovation opportunities, and possibilities around international trade.

The Board commented on the importance of ensuring prospective occupiers deliver in line with the assessments undertaken, particularly for example in relation to planned uses and job creation. It was noted that these would be reflected in correspondence, albeit these were not to be contractual commitments.

It was also noted that decisions in relation to Business Rate Relief would be undertaken by the relevant Billing Authorities.

The Board **approved** the two proposed tax site occupiers.

Action: Freeport East Chief Executive to write to the prospective occupiers and tax site owners confirming approvals.

In relation to Gateway 14, the Board proposed a further stock-take on the marketing process for the site involving relevant parties to ensure the marketing approach, commercial strategy and interests of local stakeholders were all aligned for efficiency and effectiveness.

Action: Freeport East Chief Executive to discuss alignment of marketing strategy with Gateway 14 tax site owner and other relevant local stakeholders.

9. Inward Investment Update and Cleantech Investment Forum

The Board received an update on the latest inward investment pipeline and current activities, including positive recent engagement with intermediaries such as UK Export Finance, the Department for Business & Trade and UK Embassies overseas.

The Board approved a proposal for Freeport East to scope out a range of options and resourcing mechanisms for a possible Freeport East Cleantech Investment & Innovation Forum. This would build on growing interest across a number of cleantech sectors such as in green hydrogen and maritime fuels, renewables technologies, grid equipment and infrastructure and nature based solutions.

Action: Freeport East to work with other local stakeholders to develop options for a Freeport East Cleantech Investment & Innovation Forum.

10. Comms Update

A short update on recent comms activity was provided by the Board. They noted the extensive press coverage of our recent announcement on £800k of local funds for clean growth, innovation and skills, as well as our Green Hydrogen Hub publication during London International Shipping Week.

The Board discussed the growing reach of our social media strategy which is currently focused around LinkedIn. The Board noted the recent campaign focused on positioning Freeport East as an opportunity for a range of cleantech companies and investors which had already created a number of positive leads.

11. Forward Planner

The Board reviewed the Forward Planner which categorised activities around Monitoring/Compliance, Corporate and Delivery.

It was proposed that Board meetings in 2024 should be supported by an annual strategic away day and Freeport East site visit. These would be incorporated into the planner.

It was confirmed that all Board meetings will be held face to face going forward on a rotating basis across the Freeport East geography.

12. Any other Business

The next meeting is scheduled for 28 November 2023.

13. Close

There was no further business and the chair declared the meeting closed at 15:42.

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Mark Lemmon Chair
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