

**FREEPORT EAST LIMITED  
SUPERVISORY BOARD**

Minutes of a meeting of the board of directors of FREEPORT EAST LIMITED (**Company**) held at The Innovation Centre, Knowledge Gateway; c/o Nesfield & Boundary Road; Colchester; Essex, CO4 3ZQ on 22nd January 2024 at 1400hrs.

<b>PRESENT:</b>	<b>NAME</b>	<b>POSITION</b>
	Mark Lemmon	Chair
	Steve Beel	Chief Executive Officer
	Cllr Richard Smith	Director
	Cllr Lesley Wagland	Director
	Chris Starkie	Director
	Andrew Lawrence	Director
	Cllr Rachel Eburne	Director
	Cllr Ivan Henderson	Director
	Cllr David Beavan	Director
	Dr Robert Singh	Director
	Clemence Cheng	Director
	Sir Christopher Haworth	Director

<b>IN ATTENDANCE:</b>	<b>NAME</b>	<b>ORGANISATION</b>
	Paul Wood	East Suffolk Council
	Lorraine Rogers	East Suffolk Council (S151 officer)
	Paul Davey	Hutchison Ports
	Lee Heley	Tendring District Council
	Jai Raithatha	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

<b>VIRTUAL ATTENDANCE:</b>	<b>NAME</b>	<b>ORGANISATION</b>
	Emily Wright	DLUHC
	Andrew Chapman	East Suffolk Council

## 1. Notice and quorum

The Chair declared the meeting open and no apologies were recorded.

Clemence Cheng arrived shortly after the meeting had commenced, at 14:06.

## 2. Welcome and Introductions

The Chair welcomed all attendees to the Freeport East Supervisory Board meeting and welcomed Sir Christopher Haworth Bt to the meeting as the new Director appointed by Gateway 14.

## 3. Minutes of the last meeting

The minutes of the meeting held on 28 November 2023 were **Agreed**.

There were no matters arising.

**Action: List of all Supervisory Board Actions from prior meetings to be collated and shared with the Minutes.**

## 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.

Sir Christopher Haworth Bt, newly appointed, declared the interests he had duly noted in the Register of Interests, in particular his role as Chair of the East Midlands Development Company which was involved in tax sites within the East Midlands Freeport, and his role as Chair of Gateway 14.

## 5. Risk Summary and Work Programme delivery update

The Board were asked to note the contents of the latest delivery report and risk register.

Cllr Henderson noted the ongoing red risk in relation to financing of the organisation and the impact this was having on organisational resources. He shared concerns that this needed to be resolved as soon as possible. It was noted that the Finance & Audit

Committee were focused on resolving the finance issues and a further update would be provided under later items.

The Board welcomed news that DLUHC had now proposed plans to develop a common subsidy control scheme.

It was noted that ongoing positive progress against the 23/24 Work Programme laid the foundation for an ambitious work programme and business plan for 24/25.

## **6. Update on Government Freeports Delivery Roadmap**

The Board were provided with an overview of the Government Freeports Delivery Roadmap and a summary of those areas in which Freeport East and the wider region could potentially benefit the most.

It was proposed that key areas of opportunity would include:

1. DfT commitments which provide the opportunity to make a stronger case for transport investments required to support the Freeport East area;
2. DESNZ/Ofgem commitments in relation to grid connections and regional planning which are of relevance to a number of local schemes as well as aligned with our work with the REA on electricity demands of delivering a green transport hub at Freeport East;
3. A number of opportunities to further explore financing in relation to offshore wind ports (as well as other initiatives in this space not mentioned in the roadmap but which we are engaged with through RenewableUK, the Offshore Renewables Catapult and various Government departments); and
4. A number of strengthened commitments around skills and innovation which we will be able to take advantage of, including for new planned infrastructure developments.

The Board were asked to note this update.

The Board agreed that the increased focus on the Department for Transport to recognise freeports in future schemes and planning was an important opportunity and would benefit from ongoing engagement between Freeport East and the sub-national transport body, Transport East.

Cllr Wagland requested further information in relation to the opportunities for engagement with the UK Infrastructure Bank. The Chief Executive updated that he had attended a UK Infrastructure Bank event in Leeds the previous week and that there were a number of opportunities to strengthen engagement for the freeport and potentially use this as a conduit for the local authorities too. Further updates would be provided at subsequent Board meetings.

The Board requested further details in relation to the £150m Investment Opportunity Fund and expressed concerns that the funds may be allocated without Freeport East being given a fair opportunity to express interest. It was clarified that DLUHC were still working on guidance and criteria for the scheme and Freeport East were prepared to respond as and when further was made available. It was noted that the £150m was

potentially spread across all freeports and investment zones and therefore competition would be high.

Cllr Eburne noted the opportunity to engage DfE collectively as Freeport East and local authorities to ensure we maximise coherence and opportunity for our local area.

**Action: Chief Executive to share further information in relation to the £150m Investment Opportunity Fund as soon as available.**

**Action: Chief Executive to approach DLUHC and DfE in order to organise a coordinated discussion on skills support.**

## **7. Update on DLUHC Delivery Plan and Tax Site Reliefs Extension**

An update was provided to the Board in relation to the draft Delivery Plan Framework that was being used to seek further information from freeports prior to agreement of the extension of reliefs on the tax sites.

The Chief Executive noted that we are still waiting for the revised delivery plan framework after submission of various comments and clarifications on the prior draft. The response date has been extended by a week to the 16<sup>th</sup> February 2024 and the timelines are extremely tight given the nature of information being sought.

The Freeport East team would continue to lead on the collation of relevant information, liaising as appropriate with tax site owners and the billing authorities where their inputs, review and approval were required. Freeport East will share the draft with DLUHC in advance of submission for any initial feedback.

The Board noted some frustration with the nature of the process designed by DLUHC given the primary need to focus time and resources on delivering inward investment and local growth outcomes on the ground.

The Board noted the contents of the update and **approved** the delegation of sign-off of our submission to the Chair.

## **8. Finance and Audit Committee Update (inc latest Budget)**

Cllr Richard Smith provided a report on the Finance and Audit Committee and to introduce the paper provided to the Board. The Finance and Audit Committee meeting had taken place on the 4<sup>th</sup> January and it was agreed that all future meetings will be held virtually.

The Finance and Audit Committee were proposing a number of decisions to the Board, including on financing for 23/24, the proposed operational budget for 24/25 and an amendment to the Accounting Reference Date.

In relation to 23/24, it was confirmed that with the use of the DLUHC capacity funding, deferred payment on certain items to Members and interest income on cash balances, the outturn budget for 23/24 was secured.

It was highlighted that East Suffolk Council had agreed to convert any recharge costs in relation to provision of HR, IT and finance into an in-kind contribution for the current year. Cllr Beavan noted that this was a difficult decision for the Council but one that he hoped would support the freeport to deliver successfully.

Thanks was given from the Board to East Suffolk Council for their in-kind contribution.

The Board were asked to consider the budget proposal of £1.25m for the financial year 2024/25, including a contingency of £100k. The proposed budget reflected the need to increase resources in certain areas which would also align with the expectations of the delivery plan framework. It would give the Freeport East team greater capacity to deliver on the full range of expectations and opportunities and increase engagement with a range of local stakeholders.

The Board expressed reservations about approving the proposed operational budget without clarity on the financing approach for the same year. The Chief Executive clarified that the intention was to establish a budget figure in principle only, such that the Business Plan could be finalised and clarity provided on how the budget would be financed. If financing could not be confirmed then a revised budgetary figure would need to be proposed. It was acknowledged that the budget figure of £1.25m could only be approved in principle at the current time.

The Board **approved** the proposed operational budget of £1.25m in principle, subject to clarify on financing being available.

**Action: Chief Executive to produce a Business Plan with a full budget and financing plan for approval by the Board at the next meeting.**

The Board **approved** the extension to the Accounting Reference Date for the Company by 3 months from 31 December 2023 to 31 March 2024.

## **9. Delivery Priorities 2024/25**

The Chief Executive provided an overview of the proposed Freeport East delivery priorities for 2024/25 building on progress from the current year. The four proposed priority areas are:

1. Develop Freeport East as a high performing organisation
2. Establish and deliver an ambitious vision for Freeport East
3. Deliver Investment
4. Make the most of our visibility and voice

The Board were in agreement with the proposed delivery priorities and content that they be used as the basis for the 2024/25 work programme and Business Plan.

**Action: Freeport East to update the Business Plan to reflect the proposed Delivery Priorities for 24/25.**

## 10. Review Scheme of Delegation

The Board discussed a paper setting out an update on the process of reviewing the Scheme of Delegation.

It was noted that the Scheme of Delegation had been updated to reflect the creation of the Finance and Audit Committee.

The revised Scheme of Delegation was **approved** by all Directors.

## 11. LEP Membership post 31 March 2024

The Board were asked to note the paper in relation to the process of withdrawal of one of the founding members from the Members Agreement. This is arising as of 1st April 2024 as a result of the demise of New Anglia LEP who would then be unable to continue to fulfil their functions as a Founding Member.

In accordance with legal advice sought by Freeport East, in order to withdraw as a Founding Member New Anglia LEP would require approval for withdrawal of membership from all other Founding Members.

Confirmation of withdrawal was duly sought and provided by relevant representatives of the Founding Members.

Following the termination of the LEP, Freeport East will update the register and companies houses along with our website.

Recognising the impending departure of New Anglia LEP from the Board, there was a discussion in relation to possible options for additional representation at the Board for the business community. It was noted that wider engagement with the business sector was undertaken through the Executive team and many of the partners, and that membership of the Company may not be the best way of engaging further. It was agreed that consideration should be given as part of a future governance review.

## 12. Freeport East Retained Rates Strategy

The Board were recommended to approve in principle the proposed Freeport East Retained Rates Strategy and delegate final approval to the Chair, based on a resolution with the Billing Authorities over the appropriate approach to the Pot A disbursement profile (Pot A being the funding allocation to provide partial compensation directly to local authorities for future foregone business rate income).

The Chief Executive introduced the proposed strategy and noted that it continued to follow a key design principle of seeking to allocate as much of the future retained business rates as possible to support initiatives across the freeport east geography that would best support the freeport vision. It was noted that up to £300m of business rates could be achievable over 25 years, but that it was also important to find mechanisms to borrow against the future income in order to make early investments. Putting the strategy in place would be a key part of the architecture of the freeport and would ensure transparency and clarity in terms of how public funds were being allocated to deliver the

Freeport East objectives. Once approved, the strategy would be published and then reviewed on an annual basis.

The Chair reiterated the importance of all Directors acting in the best interests of the Company and freeport initiative as part of the deliberations and discussion.

The Board welcomed the progress made to finalise the strategy and recognised the extent of consultation across partners. It was noted that the profiling of Pot A still needs to be agreed and that clarity was also required on how any outstanding LEP contributions from the Gateway 14 site should be dealt with.

The Board subsequently discussed whether delegation was appropriate at this time. The Board concluded that the final version of the strategy merited full Board approval and should therefore be returned to the Board once finalised.

The Board requested for an update on the forecasts for business rate income and allocations to the different Pots in the coming years. This would be provided at the next Board meeting alongside production of the Business Plan.

It was also noted that some visual representations of the business rate allocations may help the overall strategy document.

The Board **agreed** the strategy in principle but advised that the final strategy should return to the Board once the elements in relation to Pot A and LEP funds had been resolved.

**Action: Chief Executive to work with Billing Authorities to finalise strategy and then submit to the Board for final approval.**

### **13. Gateway 14 Skills & Innovation Centre**

The Chief Executive provided an update on the Gateway 14 Skills and Innovation Centre and introduced the assessment undertaken to assess whether it should be eligible for Pot B retained business rate funding support.

The Board were asked to approve the eligibility of the Gateway 14 Skills & Innovation Centre (SIC) to be considered for Pot B funding support as per the Retained Rates Strategy.

The Chief Executive noted that, as the Retained Rates Strategy was still in the process of being approved, this was the first time a project had been considered for Pot B funding. It was noted that whilst this initial assessment of eligibility could be undertaken now, no funding would be allocated until the Retained Rates Strategy was approved in its entirety.

The key element of the assessment was undertaken in line with the draft strategy and focused on whether the development of the Skills & Innovation Centre would support the vision for freeport east and this particular site, and whether it could enable sufficient business rate income to justify the allocation currently requested. The assessment supported the case that the centre could facilitate future business rate income and that

the centre also aligned very strongly with the freeports core objectives in relation to innovation and skills support. It was noted that Freeport East would require assurance that the wider site development strategy for Gateway 14 would seek to ensure that the benefits of having the centre located on the site was maximised for inward investment purposes and in order to create local economic clusters.

Cllr Beavan outlined his strong support for this type of facility and how it supports the aspirations of Freeport East in terms of green skills and innovation.

Cllr Wagland asked whether there were any other proposals for Pot B funding likely to come forward for the Gateway 14 site. The Chief Executive explained that no firm plans had currently been put forward, although there was the potential for other requests in the future. An assessment of the opportunity costs of supporting the SIC would need to be undertaken at the full business case stage which would reflect some of these considerations.

The Board noted that, at the subsequent stage, a full business case assessment would need to be done in line with the HMT Green Book. Additionally, this would require appropriate scrutiny from a Freeport East perspective before a recommendation is made to the Board. Cllr Eburne noted that a number of supporting diligence reports, such as on build costs and business models, had been undertaken for Mid Suffolk Council and these would be available to support the business case assessment.

The Board **approved** that the Skills & Innovation Centre would be eligible for the Pot B funding from the Gateway 14 site.

**Action: Chief Executive to bring a Business Case assessment to the subsequent Board meeting for consideration of funding to support the Gateway 14 Skills & Innovation Centre.**

#### **14. Overview of REA Green Transport Hub Strategy**

The Board were asked to note an update on ongoing work in relation to the Green Transport Hub Strategy.

It was noted that as well as analysing the increasing power demands arising from transport decarbonisation in the Freeport East area, the report would also seek to highlight the challenges in relation to development of more localised renewable energy supplies, including on new business developments such as Gateway 14 where both connection and export constraints can inhibit net zero aspirations.

It was noted that a date for a Parliamentary Reception at Westminster, held together with the Association for Renewable Energy (REA) would be notified to the Board as soon as confirmed. All Board members would be welcome to attend.

#### **15. Comms Update**

The Board noted the update on recent comms coverage, including in relation to the report on the Harwich Innovation Hub and benefits of the new website design.



Cllr Wagland welcomed the ongoing development of the comms work particularly in relation to social media.

**16. Forward Plan**

The Board discussed a proposal to change the date of our Annual General Meeting from May to September.

The Board **approved** the change of date for the next AGM.

**17. Any Other Business**

The Board noted that the Chair would communicate in relation to the creation of a Remuneration Committee.

Cllr Smith requested that a briefing be provided at the next Board on the ongoing collaboration between UK freeports.

**Action: Chief Executive to provide a short briefing before the next Board meeting to update on ongoing collaboration with other UK Freeports.**

The next meeting is scheduled for 19 March 2024.

There was no further business and the Chair declared the meeting closed at 15:52.

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Mark Lemmon Chair  
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