

**FREEPORT EAST LIMITED  
SUPERVISORY BOARD**

Minutes of a meeting of the Board of Directors of FREEPORT EAST LIMITED (**Company**) on 19<sup>th</sup> March, held at University of Suffolk; Waterfront Building; 19 Neptune Quay, Ipswich; IP4 1QJ

<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
	Dr Robert Singh	Director
	Clemence Cheng	Director (Via Ms Teams)
	Cllr Rachel Eburne	Director
	Cllr Ivan Henderson	Director
	Cllr David Beavan	Director
	Sir Christopher Haworth	Director

<b>IN ATTENDANCE:</b>	<b>NAME</b>	<b>ORGANISATION</b>
	Paul Wood	East Suffolk Council
	Paul Davey	Hutchison Ports
	Lee Heley	Tendring District Council
	Jai Raithatha	Suffolk County Council
	Samantha Jones	Essex County Council
	Fiona Duhamel	Babergh and Mid Suffolk Council
	Sarah West	Harwich Haven Authority
	Michelle Gordon	Babergh and Mid Suffolk Council
	Lee Carvell	Babergh and Mid Suffolk Council
	Tom Gooding	Suffolk County Council
	Mark Taylor	Hutchison Ports
	Emily Atask	Gateway 14
	Emily Wright	DLUHC
	Marie Finbow	Freeport East
	Simon Papworth	Freeport East
	Steven Wilson	Freeport East
	Daisy Newton	Freeport East

<b>APOLOGIES:</b>		
	Chris Starkie	Director
	Andrew Lawrence	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 Andrew Lawrence had sent his apologies and appointed Clemence Cheng as his proxy for the meeting.

It was noted that Chris Starkie had also sent his apologies on his last meeting as Director with Freeport East.

The Chair noted the thanks of the Board for the contribution made by Chris Starkie and the New Anglia LEP in the process of setting up the Freeport.

**3. Minutes of the last meeting**

Cllr Lesley Wagland noted that under Item 13 of the Minutes of the last meeting it should correctly state that the Board agreed that the Gateway 14 Skills & Innovation Centre would be eligible **to apply** for Pot B funding.

Noting that amendment, the minutes of the meeting held on 22 January 2024 were **Agreed**.

There were no matters arising.

The Supervisory Board Meeting action log was reviewed.

It was noted that Action: FE/009 on the ferry service between Harwich and Felixstowe would also need to involve contributions from Harwich Haven Authority, Hutchison Ports UK and a number of other stakeholders before submission to the Board.

**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.

The Chair also asked all Directors to ensure Freeport East were made aware of any changes or updates in relation to information required for the annual Confirmation Statement.

Cllr Eburne and Sir Christopher Haworth, noting their respective roles with Mid Suffolk District Council and Gateway 14 Ltd, recorded their conflict of interest in relation to Agenda Item 11 Gateway 14 Skills and Innovation Centre Business. It was agreed that they would be recused from any decisions on this item.

Rob Singh also noted that he had been involved in discussions in relation to the development of the Skills & Innovation Centre proposals, albeit it was agreed that this did not constitute a conflict that should exclude him from relevant decisions.

## **5. Risk Summary and Work Programme Delivery update [confidential] (S)**

Risk Summary and Work Programme was shared with all attendees.

The key changes were noted by the Board members.

The most significant change was the reduction in rating of *Risk No. 21 – Operational Costs – funding gap in operation costs* to an amber rating given the outcome of recent discussions on financing.

It was noted that references to “Ely” in terms of rail investment needs in the risk register, as well as in other papers submitted to the Board, should also be meant to refer to Haughley Junction given the associated need for new funding and investment.

The Board noted the public / private funding strategy for Bathside Bay Green Energy Hub is listed as a Red Risk and is a subject of ongoing discussions with private sector partners, local authorities and the Government.

The Board requested a further update at subsequent Board meetings on the Private / Public funding Strategy for further development of Bathside Bay Green Energy Hub.

**Action: Freeport East to provide an update on the Private / Public funding Strategy for the Bathside Bay Green Energy Hub at a future meeting.**

Cllr Henderson noted that *Risk No. 12* in relation to impact of the Freeport in areas of greatest deprivation should be reviewed and relevant mitigations clarified. An update would be provided at the next Board meeting.

**Action: Freeport East to review Risk No. 12 – Deprivation Impact and provide an update at the next Board meeting**

The Board discussed progress across the tax sites, including the broader economic environment and its impact on investor sentiment, which had caused a slowdown in activity over the past 12 months.

The Board noted the significance of the seed capital in supporting the development of individual sites and ensuring that interested parties could target specific investment dates. It was noted that positive progress had continued at Gateway 14 with new investments likely to be announced in coming months and that broader interest in the

wider Freeport East geography was continuing to grow in key sectors such as clean energy and green hydrogen.

It was noted that the Tendring Planning Committee met on the 18<sup>th</sup> March and had approved the Little Oakley Realignment project which was connected to the wider development of the Bathside Bay port expansion.

## **6. Collaboration with other UK Freeports**

The Board noted the update paper covering collaboration with other freeports.

Directors raised the opportunity to collaborate further with Thames Freeport on certain initiatives such as skills, especially given the common geographical interest in Essex. It was noted that Essex is the only county in the country with two freeports.

**Action: Freeport East to discuss further collaboration with Thames Freeport on common interests.**

## **7. Tax Site Extension Delivery Plan Framework – Next Steps**

The Board noted the update on progress and the remaining actions required to be completed, including the requirement for subsequent Board approval prior to 28<sup>th</sup> March for a further submission to DLUHC to secure tax site extensions.

The Board discussed the options around the mechanism proposals requested from DLUHC in relation to a new levy for the period of the tax reliefs extension. It was noted that it would be necessary to ensure that any mechanism did not create legal risks for Freeport East Ltd and that any funds collected were used for a specific purpose that would support the objectives of the freeport and those making any such financial contribution. It was also made clear that a mechanism needed to avoid acting as an impediment to inward investment or creating additional bureaucratic hurdles that would complicate the inward investment process.

**Action: Freeport East team to subsequently circulate proposal to Directors for approval by email.**

The Board discussed other actions raised by DLUHC and relevant timescales, which often appeared to be unclear. The Freeport East team confirmed that it was expected that all the other actions (including on project cost plans, the retained rates strategy and the amendments to the tax site management policy) would be completed by the end of the summer.

Directors highlighted the importance of DLUHC communicating clear expectations such that the Directors could exercise their responsibilities appropriately. It was noted that recent correspondence from DLUHC and earlier actions under the MoU had been too vague and left too much uncertainty in terms of whether the organisation were able to satisfy the requests or not. This will be fed back to DLUHC.

## **8. Finance and Audit Committee Update [inc. latest budget and retained rates forecast for 24/25 based on NNDR1s] (S)**

The Board noted the finance update, including the confirmation of a balanced budget for FY23/24 with an outturn expenditure of up to £706k and proposed budgetary allocation of up to £1.25m in operating costs for FY 24/25, to be funded from retained business rates.

The Board **approved** the delegation of authority for oversight and management of £100k contingency sum (within the £1.25m FY24/25 budget) to the Finance and Audit Committee.

## **9. 24/25 Business Plan & Budget**

The Board **approved** the draft Business Plan for 2024/25 and associated operational budget.

**Action: Freeport East to confirm approval of the Business Plan by each Founder Member of Freeport East Ltd.**

**Action: Freeport East to undertake final review of Business Plan prior to publication.**

Cllr Beavan raised the treatment of inflation in relation to the future forecast annual operating budgets. The Chief Executive confirmed that the current intention was to work to a flat, real-terms budget but that this would need to be reviewed annually in the context of current demands and levels of inflation.

## **10. Retained Rates Strategy**

The Board received an updated version of the Retained Rates Strategy for approval.

The Chief Executive noted that this version addressed comments raised at the last Board meeting, notably in relation to finalising the profiling of Pot A with local authorities and treatment of prior arrangements in relation to the retained rates from the Enterprise Zone site at Gateway 14.

Suffolk County Council and Mid Suffolk District Council noted that they were content with the proposed strategy given the holding position it created for resolution of the situation in relation to the LEP funds, but that support for the strategy was therefore conditional on a resolution that did not conflict with legal agreements governing the transition of the LEP. This intent was supported by the Freeport East management team.

**Action: Freeport East and Suffolk County Council to provide an update on the LEP transition provisions at the next board meeting.**

The Chief Executive also noted a final amendment to the draft strategy to reflect the specific agreements made by Tendring District Council in relation to the support for the Bathside Bay project. This was agreed by the Directors.

It was also noted that, subject to approval of the strategy, the Freeport East team would bring an update on retained rates forecasts to the next Board meeting and summary of implications for expenditure options in FY24/25.

The retained rates strategy (as amended) was **approved** by the Board.

**Action: Freeport East team to finalise a public-facing version of the strategy, including an appropriate foreword and introduction, and publicise on the Freeport East website.**

## 11. Gateway 14 SIC Funding Decision

The Chief Executive introduced the paper submitted to the Board in relation to the funding request to support delivery of the Skills & Innovation Centre at Gateway 14.

It was recommended that the Board approve a total funding package of £16.66m comprising £6m of seed capital funding and up to £10.66m of future retained business rates from Pot B on the Gateway 14 tax site. It was also recommended that the Board approve a set of commitments that would be requested from the project sponsor (MSDC) to support successful delivery of the project.

It was confirmed that these decisions were consistent with the process for allocation of seed capital, as agreed with DLUHC in the Full Business Case, and the process for use of retained business rates as set out in the Retained Rates Strategy.

It was noted the centre had been subject to extensive discussions at previous Board meetings including presentations from MSDC and the prior approval of the proposal for eligibility to apply for Pot B retained rates funding. The Business Case now shared with the Board and the basis for the funding recommendation was consistent with the Green Book appraisal approach set out by HMT and provided a solid basis for progression of the project.

It was confirmed that the site for the Skills & Innovation Centre is owned by Gateway14 Ltd and would therefore be subject to a commercial market transaction between Gateway 14 Ltd and MSDC.

The Board confirmed their strong support for the proposal and the fit with the objectives of the freeport. The Board further confirmed their support for the specific funding allocation and that this was considered to be a proposal that would allow MSDC to continue to progress the project, with appropriate mechanisms to address other costs in relation to the land purchase and internal financing costs. It was noted that the land would remain an asset to be held by MSDC as purchaser.

The Board discussed the outstanding clarifications on proposals for a green roof and that final resolution of those may reduce the total capital costs required. The Board

supported the sustainability considerations around the roof solution whilst also noting the importance of overall value for money.

The Board thanked the Freeport East team and MSDC for the huge amount of work and analysis that had gone into the recommendations.

It was noted that, based on the proposal approval, MSDC would need to confirm arrangements and decisions in response, which may take up to 12 weeks to finalise.

The Chief Executive clarified that it was the intention that an initial outline business plan for the centre should be shared by MSDC with the Board for observation and comment, but it was not intended that the Board should seek to or need to approve the Business Plan which would remain the responsibility of MSDC.

The Board **approved** the proposed funding allocation of £16.66m to support the Gateway 14 Skills & Innovation, comprising £6m of seed capital and up to £10.66m of retained business rates from Pot B. The Board **approved** the proposed commitments required as a condition of the funding allocation.

**Action: Freeport East to communicate in writing to the Chief Executive of MSDC with the proposed funding allocation and conditions.**

The Board noted that any planned communications would need to be mindful of the upcoming pre-election period.

## **12. Comms Update (S)**

This document was noted by the Board.

## **13. Forward Plan (S)**

The Forward Plan provided indication to the Board of Freeport East plans for the year ahead.

It was noted the Annual General Meeting had moved to September which was agreed by the Board at the last meeting.

## **14. Remuneration & Nomination Committee**

The Board reviewed the proposed Terms of Reference for a Remuneration and Nomination Committee.

The Board requested clarification of certain terms used in the Terms of Reference and to other matters that would ensure appropriate protection against any employees being included in discussions that related to their own remuneration or appointment arrangements. It was also noted that the quorum arrangements should be amended to reflect circumstances where the Committee was dealing with matters that related to the Chair.

**Action: Freeport East to update the Remuneration and Nomination Committee Terms of Reference prior to implementation.**

**15. Any other Business**

There was no further business and the chair declared the meeting closed at 16:02.

**16. Close**

The next meeting is scheduled for 21<sup>st</sup> May 2024.

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Mark Lemmon Chair  
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