



## AGENDA

Solent Freeport Consortium Limited Meeting  
Thursday 14 July 2022 –16:00 to 18:00

Item	Title	Time
1.	Introductions, welcome to new board members and apologies for absence	16:00 – 16:30
2.	Discussion with the TUC on Freeport development	
3.	Notes of the previous meeting of 24 May 2022, matters arising and declarations of interest	16:30 – 16:40
4.	HM Government update	16:40 - 16:50
5.	Update on approval of Solent Freeport to include: <ul style="list-style-type: none"> <li>- FBC critical actions</li> <li>- Navigator Quarter Tax site designation</li> <li>- Solent Gateway custom site designation</li> </ul>	16:50 – 17:20
6.	Report from the Finance, Resources and Audit Committee (FRAC)	17:20 – 17:35
7.	Governance update to include: <ul style="list-style-type: none"> <li>- Update from RENCOM on executive recruitment</li> <li>- Local Assurance framework development</li> </ul>	17:35 – 17:40
8.	Verbal update from the Communications and Marketing Group including feedback from the Solent Summit on 8 June 2022	17:40 – 17:50
9.	Any other business and date of next meeting <ul style="list-style-type: none"> <li>• Item of Correspondence from Solent LEP</li> <li>• Date of next meeting – Wednesday 12 October 16:00 to 18:00</li> </ul>	17:50 – 18:00

**14.7.2022**

**Item 3**

**Notes of 24<sup>th</sup> May 2022 Meeting**

**Date:** 24<sup>th</sup> May 2022  
**Time:** 16:00 - 17:30  
**Venue:** ABP, Southampton and MS Teams

<b>Present</b>	<b>In attendance</b>
Anne-Marie Mountifield – Senior Responsible Officer (SRO)	Brett Trafford - Fawley Waterside (via MS Teams)
Brian Johnson – SFCL Chair	
Alastair Welch - ABP	Gavin Parker - NFNPA (via MS Teams)
Alex Rennie - Havant BC	
David Williams - Portsmouth CC (via MS Teams)	James Fitzgerald –nominated s.151 representative for the Accountable Body
Derek Pretty - Eastleigh BC	Jeremy Howells - University of Portsmouth
Edward Heron - NFDC (via MS Teams)	Mike Sellers - Portico (via MS Teams)
Keith Mans - HCC (via MS Teams)	Sophie Mallon – Monitoring Officer for the Accountable Body (via MS Teams)
Matt Hill - Southampton CC (via MS Teams)	Victoria Quinn - DLUCH (via MS Teams)
Paula Swain - Solent LEP	
Riccardo Cavallo - ExxonMobil	<b>Executive support for Solent Freeport</b>
Richard Parkinson - Solent Gateway	Nicola Twiddy
Steve Thurston - Southampton Airport	Richard Jones
	Stuart Baker
<b>Apologies</b>	
Aldred Drummond - Fawley Waterside	
Daniel Fitzhenry - SCC	
Gerald Vernon Jackson - PCC	
Alice Humphries - DLUCH	
Kate Smith - DLUHC	
Narinder Bains - Havant BC	

<b>Agenda Item</b>	<b>Notes</b>	<b>Action</b>
1.	<p><b>Introductions and Apologies for Absence</b></p> <p>The Chair welcomed all to the first hybrid Solent Freeport Consortium Ltd (SFCL) Board Meeting and Steve Thurston was welcomed as a new Board Member.</p> <p>Apologies were noted from:  Aldred Drummond (Brett Trafford is the nominated alternate),  Daniel Fitzhenry (Matt Hill attending as an observer),  Gerald Vernon-Jackson (David Williams is the nominated alternate),  Kate Smith (Victoria Quinn attended as the new SFCL relationship manager) and  Narinder Bains (Alex Rennie is the nominated alternate).</p>	

2.	<p><b>Notes of the previous meeting of 24 March 2022, matters arising and declarations of interest</b></p> <p>The minutes from the Board meeting on 24 March 2022 were <b>Agreed</b>.</p> <p>The following matters arising were raised:  Page 2 - The Treasury Connect event scheduled in April was postponed and a further update on rescheduling of the event is awaited.  Page 2 - Navigator Quarter - a verbal update was provided and it was advised that all are working to a September 2022 designation window. Partners will be meeting tomorrow for further discussions on the Navigator Quarter site.</p> <p>16:15 - Keith Mans joined the meeting.</p> <p>Page 2 - Trade Unions will be invited to a future Board meeting.</p> <p>All other items will be covered by the items on the agenda today.</p> <p><u>Declarations of Interest</u>  Item 6 - Executive Support Service Level Agreement - Anne-Marie Mountifield, Paula Swain, Richard Jones, Stuart Baker and Nicola Twiddy as part of the Executive Team and or Solent LEP Board Members.</p> <p>It was noted that all Board Members will have a potential interest in Seed Capital funding, but this item is for discussion only at this meeting.</p> <p>There were no further interests to note in addition to usual site interests.</p>	<b>Executive</b>
3.	<p><b>HM Government Update</b></p> <p>Victoria Quinn introduced herself and provided the following update:</p> <ul style="list-style-type: none"> <li>• Progressing the assessment of the Solent Freeport FBC and any critical actions and are expected to be notified by mid-June.</li> <li>• No update to provide on the custom site designation at this time.</li> <li>• Feedback on MOUs is being worked through and an update will be provided at the SRO meeting on Friday.</li> </ul> <p>The Executive are working with Government on delivering the Solent Summit on 8 June.</p>	
4.	<p><b>Update on progress approval of Solent Freeport</b></p> <p><u>FBC progress and timeline</u></p> <ul style="list-style-type: none"> <li>- Critical actions FBC feedback is expected in mid-June, which will be worked through during the summer, and submitted for a September approval</li> <li>- Working to a September window for Navigator Quarter tax site designation.</li> <li>- When approval is confirmed, there will then be a requirement to sign the MOU where any non-critical actions will be listed to be cleared down.</li> <li>- At this stage, Seed capital funding is expected to be confirmed and made available from HM Government</li> </ul>	

	<p>In relation to SEED capital there was discussion on the advice to scheme promoters' guidance and the consultation process timeline as it was emphasised that it would be important to run this process and the due diligence work in parallel rather than sequentially.</p> <p><u>HM Government MOU and transition to delivery</u> All partners will be required to sign up to a set of principals which will be used to inform the evaluation of the Freeport. An overview of the areas covered by the MOU was provided.</p> <p>Riccardo Cavallo joined the meeting (14:39)</p> <p><u>Monitoring and Evaluation</u> An overview was provided in the cover paper and as part of the ongoing work the Executive will bring a draft assurance framework to the Board to review in July.</p> <p>There was an ask to ensure that the MOU also covers environmental priorities.</p> <p>The SFCL Board:</p> <ul style="list-style-type: none"> <li>• <b>Noted</b> the FBC update and implementation plan in Annexe A; and</li> <li>• <b>Considered</b> the draft MoU in Annexe B and agreed to provide any further advice to the SRO for discussion with DLUHC.</li> <li>• <b>Noted</b> the update on monitoring and evaluation for freeports in section 3 of the report.</li> <li>• <b>Noted</b> the HMG Freeport lead status report for April 2022 and May 2022, in Annexe C.1 and C.2</li> </ul>	<p><b>Executive</b></p> <p><b>SFCL Board members</b></p>
5.	<p><b>Finance and Resources Update</b> The paper was taken as read. James Fitzgerald highlighted the profiling amendments, the addition of future years budgeting which also covers the future resourcing needs and consultancy fees.</p> <p><u>Seed Capital Funding</u> Project leads will be asked to start preparing their business cases in early June and as per the timeline highlighted in the cover paper and the board provided further advice on the guidance to scheme promoters to include:</p> <ul style="list-style-type: none"> <li>- The application process should include further guidance on risk management in relation to management of project overspend and cost escalation, given current inflationary pressures and funding uncertainty</li> <li>- Due Diligence - ensure level of engagement is at an appropriate level of the funding ask.</li> </ul> <p>Alison Taylor joined the meeting (17:00)</p> <p>An update was provided on Associated Member contributions which is being revisited.</p> <p>The SFCL Board:</p> <ul style="list-style-type: none"> <li>• <b>Noted</b> the final outturn position for the 2021/22 financial year of £708,053 as set out in Appendix A and <b>Approved</b> the forecast budgets</li> </ul>	<p><b>AB and SRO</b></p>

	<p>for the period to 2025/26 noting the resources required to fund these budget forecasts.</p> <ul style="list-style-type: none"> <li>• <b>Noted</b> that further work will be undertaken by FRAC and RENCOM on direct resourcing and servicing of SFCL delivery obligations and further advice will be provided by these committees to the board to inform the budget forecasts moving forward.</li> <li>• <b>Considered</b> and <b>Agreed</b> the allocation of up to a further £100,000 towards consultancy support to ensure there is capacity available to secure the FBC approval by September 2022 and <b>Delegated Authority</b> to the Freeport SRO and the Accountable Body to finalise revised proposals once feedback has been received on the full business case.</li> <li>• <b>Considered</b> and <b>Agreed</b> the proposed approach and timeline for progressing the SEED capital funding programme and the call for the wider pipeline of projects as set out in section 6 and <b>Delegated Authority</b> to the Freeport SRO and the Accountable Body to finalise.</li> </ul> <p>Edward Heron left the meeting (17:19)</p>	<p><b>FRAC &amp; RENCOM</b></p> <p><b>SRO &amp; AB</b></p> <p><b>SRO &amp; AB</b></p>
6.	<p><b>Report from Remuneration, Employment and Nominations Committee (RENCOM)</b></p> <p>An update was provided on the Chief Executive recruitment and the service level agreement in place with the Solent LEP Executive. The Executive will continue with the support until April 2023 with the likelihood, that there they will be no major change to this until 100% support is needed in a role.</p> <p><u>Chief Executive Recruitment</u></p> <p>An updated role description was provided within the papers, along with the recruitment process. A shortlisting process will be undertaken by RENCOM. The aim is to launch in June (after the Bank Holiday) and close to applications at the end of the summer.</p> <p>The SFCL Board:</p> <ul style="list-style-type: none"> <li>• <b>Agreed</b> the Chief Executive Role Description at Annexe B and recruitment pack at Annexe C and;</li> <li>• <b>Agreed</b> to proceed with the timeframe as set out in the paper, and;</li> <li>• <b>Delegated Authority</b> to the Executive and Berwick Partners to finalise the recruitment pack and launch the recruitment process.</li> </ul> <p><u>Articles of Association</u></p> <p>The paper was taken as read and an update was provided on the revisions required within the Articles of Association.</p> <p>The SFCL Board:</p> <ul style="list-style-type: none"> <li>• <b>Considered</b> the draft changes to the Articles at Annexe A and;</li> <li>• <b>Agreed</b> to circulate a special resolution to the Core Members of the company to adopt the revised Articles, subject to receiving confirmation from HM Government that the relevant changes within the FBC are agreed.</li> </ul>	<p><b>Executive &amp; Berwick Partners</b></p> <p><b>Executive and Company Secretary</b></p>

7.	<p><b>Report from the Communications and Marketing Group including update on Solent Summit on 8 June 2022</b></p> <p>Alison Taylor provided an update on the event which is being held to launch Solent Freeport and the Solent 2050 strategy at Horizon Cruise terminal and streamed online. 160 individuals registered so far. The event will include keynote speeches, introduction of the Freeport, launch of Solent 2050 and seminar sessions followed by a networking lunch. There will be space for partners to have stands at the venue.</p> <p>Confirmation on Ministerial attendance is awaited, and work will continue in securing attendance.</p>	<b>Chair/Executive</b>
8.	<p><b>Any Other Business and Date of Next Meeting</b></p> <p>No other business was raised.</p> <p>The next meeting is scheduled for 14 July 2022. Havant BC to be confirmed as the venue.</p> <p>Anne-Marie Mountifield, Paula Swain, Richard Jones, Stuart Baker and Nicola Twiddy left the meeting.</p>	<b>Executive</b>
6. cont.	<p><u>Executive Support Service Level Agreement</u> The paper was taken as read and a discussion took place.</p> <p>The SFCL Board:</p> <ul style="list-style-type: none"> <li>• <b>Noted</b> the update in relation to the Solent Freeport, and;</li> <li>• <b>Agreed</b> the proposed revisions to the Service Level Agreement with the Solent LEP, and;</li> <li>• <b>Delegated Authority</b> to the Chair of RENCOCM to sign the Service Level Agreement on behalf of Solent Freeport Consortium Limited.</li> </ul>	<b>RENCOCM Chair</b>

**Meeting closed at 17:45**

**14.7.2022**

**Item 5**

**Update on Approval of Solent Freeport**



**Item:** 5  
**Title:** Solent Freeport Approval  
**Date:** 14 July 2022  
**Purpose:** For Information, Advice and Decision

---

## 1. Introduction

This report provides the Solent Freeport Consortium Limited (SFCL) Board with a status update on the final phase of the work required to secure full and final approval for the Solent Freeport and the associated timelines as the freeport moves from its set up phase to delivery.

## 2. Recommendations

- **Note** the proposed changes to the tax site for the Navigator Quarter in Appendix A; and
- **Note** the FBC update and implementation plan in Appendix B; and
- **Consider** the draft response as presented at the meeting and **delegate** authority for the SRO working with the Chair to finalise for submission

## 3. Status Update

Since the last meeting of the Board on 24 May 2022 work has continued as per the implementation plan for the Solent Freeport and it now reflects the achievement of key milestones including:

- Formal submission of the FBC on 8 April 2022 and notification of outcome of initial appraisal from HM Government on 21 June 2022
- As previously advised, HM Treasury have confirmed that all three tax sites are able to progress to designation. We have now finalised the revisions to the tax site for the Navigator quarter as set out in Annexe A and this will be shared with HM Treasury along with updated maps.
- The maps for the other two tax sites (Southampton Water and Dunsbury Park) have been published and been designated with effect from 22 March 2022 – see <https://www.gov.uk/government/publications/maps-of-solent-freeport-tax-sites>
- The map for the first custom site for Marchwood Port at Solent Gateway as also been published – see <https://www.gov.uk/government/publications/map-of-solent-freeport-customs-site> It should be noted that we are still awaiting confirmation that the customs site has been approved.
- An indicative SEED Capital allocation of £25 million has been confirmed, and the call for full business cases for the SEED capital projects due on site in 2022/23 was issued on 22 June 2022 with a call for outline business cases for SEED capital projects due on site after April 2023 issued at the same time.

#### 4. FBC update and Implementation Plan

The Government's assessment of the FBC is now underway and we have been advised on timelines as follows:

- Preliminary feedback, critical actions, and questions on FBC was received and circulated to the board on 21<sup>st</sup> June 2022 and KPMG will be attending the meeting to provide a progress update on this work.
- Target date for completion of FBC appraisal and critical action cycle is the end of August 2022.
- Tax site designation for the Navigator Quarter is scheduled for September 2022
- FBC approval is anticipated to be at the earliest September 2022.

In relation to responses to the preliminary FBC feedback the board have been advised that we are required to submit a final response to HM Government by 29<sup>th</sup> July 2022 and we need to send a draft of our response w/c 19 July so that they provide us with some feedback ahead of the final deadline. KPMG will present the draft response at the meeting so that we can meet the deadlines as set down by Government.

The implementation plan (as attached in Appendix B) will be revised to take account of the new timelines for the NQ designation as well as revised timelines for final approval of the FBC and SEED capital confirmations.

The board are therefore asked to:

- **Note** the proposed changes to the tax site for the Navigator Quarter in Appendix A; and
- **Note** the FBC update and implementation plan in Appendix B; and
- **Consider** the draft response as presented at the meeting and **delegate** authority for the SRO working with the Chair to finalise for submission

**14.7.2022**

**Annexe A**

**A confidential report will be considered at the  
meeting**

**14.7.2022**

**Annexe B**

**A confidential report will be considered at the  
meeting**

**14.7.2022**

**Item 6**

**Report from Finance, Resources and Audit  
Committee**

**Item:** 6  
**Title:** Report from the Finance, Resources and Audit Committee (FRAC)  
**Date:** 14 July 2022  
**Purpose:** For Information, Advice and Decision

---

## 1. Introduction

- 1.1 Further to the FRAC meeting on 22 June 2022, this report provides the Solent Freeport Consortium Limited (SFCL) Board with a status update and the latest position of the Solent Freeport budget including the actual expenditure to 31 May 2022 alongside the revised forecast to the end of the current financial year and a forecast budget for the period 2023/24 to 2025/26.
- 1.2 It includes a draft risk register in respect of the retained rates growth, the corporate and strategic risk register, sets out the rationale for requesting the remaining set up funding from government and includes a draft reserves policy which FRAC have reviewed and recommended for consideration by the Board.
- 1.3 The report also provides an update regarding the SEED capital business case call and highlights any key financial risks and recommends action where appropriate to manage these risks and ensure that all Freeports expenditure and associated funding is managed proactively.

## 2. Recommendations

- **Note** the HMG Freeport lead draft status draft report for June 2022 in Appendix A
- **Consider** and **Agree** the revised budget for 2022/23 of £941,957 as set out in Appendix B and the forecast budgets for the period between 2023/24 and 2025/26 as set out in Appendix C.
- **Agree** to add a further budget provision of £45,945 to the consultancy fees for the additional anticipated work required to reach an approved full business case.
- **Agree** the advice from FRAC to drawdown the remaining Government set up funding of £550,000
- **Agree** the SRO and Accountable Body formally request a £50,000 contribution towards Freeport operational costs from each of the three significant landowners within the tax sites as set out in paragraph 6
- **Note** and **Agree** the corporate and strategic risk register attached at Appendix D.
- **Note** and **Agree** the retained rates risk register attached at Appendix E.
- **Consider** and **Adopt** the reserves policy proposed by FRAC and as attached at Appendix F.
- **Note** the update regarding the SEED capital funding programme as set out in paragraph 12

## 3. HM Government monthly status report – June 2022

HM Government as part of their ongoing monitoring and evaluation process continue to complete a monthly status report for each Freeport and the June 2022 final report is included in Appendix A. The

board will note that the RAG rating for Solent remains green and the improved RAG rating reflects, approval of the OBC and the progress made on designations and submission of the FBC.

The board are asked to:

- **Note** the HMG Freeport lead status draft report in Appendix A

#### 4. Current Year Budget Status

- 4.1 The budget for the current financial year showing the actual expenditure to 31<sup>st</sup> May 2022 and the forecast to 31 March 2022 is attached at Appendix B.

This budget reflects the discussions and assumptions reported at previous meeting of the FRAC and Board and is based on the best-known assumptions regarding the resourcing requirements of the Solent Freeport now that it is moving towards the delivery stage.

To that end it includes budget provision for a part year for the Chief Executive post and an allocation for ongoing executive support in line with the service level agreement agreed by the Board at their meeting on 24 May 2022. This service level agreement includes ongoing support in terms of the SRO role, governance and compliance, marketing and communications and clerking services but now also includes a wider range of services. These other services are expected to begin once the FBC is approved and will include functions such as trade and investment and programme management capability to deliver aspirations around net zero, innovation and skills. The exact level of these resources will become clearer when the FBC is approved and will also be influenced by the Freeport Chief Executive when they are in post.

The current year also includes the additional £100,000 allocation previously approved by the Board for additional consultancy support. Since then, the consultants have provided an update position on their fees including the most recent work on the Navigator Quarter site. HMG have also provided their feedback on the full business case which needs to be addressed before final approval is achieved.

With this further information, pending any further feedback from HMG it is recommended that another £45,945 should be added to the existing budget provision to cover this work. This can be funded from the contingency budget and the other operational costs budget which is unlikely to have a significant call on it this year as it is set aside to provide support for direct Freeport staff which are not now generally anticipated to be properly in place until the following financial year.

The board are asked to:

- **Consider** and **Agree** the revised budget for 2022/23 of £941,957 as set out in Appendix B

#### 5. Future Years Budgets

- 5.1 The latest forecast budget for the following three years is attached at Appendix C which builds upon the assumptions for the current year and demonstrates where the executive support begins to reduce and is replaced by direct staffing accepting that there will be fluidity between these budget lines as the Freeport begins to deliver.

As noted above one of the first tasks for the new Chief Executive will be to put in place a range of resources to ensure that capacity is in place to deliver on the operational commitments of the Freeport including the delivery of the SEED capital investment programme, reporting requirements to HM Government, monitoring of SSA's and the production of annual delivery plan.

Initial budget provision has been included within the financial forecasts and the staffing requirements for the delivery stage will continue to be reviewed at RENCOM and FRAC in order to provide advice to the Board on the nature and mix of the resourcing required and the associated financial implications.

It should be noted however that the transition to this resourcing model will not take effect until such time as the Full Business Case is approved by Government, that there is confirmation of the availability of the remaining capacity funding and the Solent Freeport entering the delivery phase which at present is assumed to be at the earliest September 2022.

5.2 Based on these current assumptions there remains a balanced, fully funded budget up to 31 March 2026 as set out at Appendix D which has been achieved by using Board member contributions, HMG capacity funding and the use of retained business rate growth as agreed in the MoU.

The requirement from the retained rates is currently forecast to be in the range of £1.5 to £2.05m and this should be at the lower end if HM Government confirm that the remaining £550,000 of capacity funding can be drawn down and that the rating authorities provide funding for the 2023/24 financial year at the same level as the two previous years.

This commitment would also reduce further should the Board agree the FRAC advice to request contributions from the other landowners in the tax sites as set out in paragraph 8.

Board members should also note that the current forecast of retained rates for the period to 31 March 2026 is £10.5m.

The Board asked to:

- **Consider** and **Agree** the forecast budgets for the period between 2023/24 and 2025/26 as set out in Appendix C; and
- **Agree** that the remaining HMG Freeport capacity funding of £550,000 is formally requested to ensure that it is drawn down in full now to avoid any risk that Government withdraw any of the capacity funding originally allocated to each Freeport.

## 6. Additional Contributions

As previously discussed with the Board it is important to look at other funding contributions to help underpin the operating costs of the Freeport both now and going forward to ensure that the commitment against the retained rates is managed so that the maximum amount is available to invest into projects to deliver the objective of the Freeport.

The Board are asked to **Agree** that the SRO and Accountable Body formally request the same contribution as the Board members of £50,000 from the three significant landowners in the tax sites (Exxon Mobil, Fawley Waterside and Blocwork) for the current financial year and to **Consider** a further request for the same level of funding for the next two years again in line with each Board member.

## 7. Corporate and Strategic Risk Register

Post the incorporation of Solent Freeport Consortium Limited (SFCL) a corporate and strategic risk register has been developed which is regularly reviewed.

FRAC have reviewed the risk management framework of SFCL and provided advice to the Board on emerging risks or high-risk areas. An updated corporate and strategic risk register is therefore provided in Appendix D, and it includes a RAG status for each risk and a trend analysis.

The Board should note that the risk ratings remain the same since last reported in May 2022, but the commentary has been updated to reflect the achievement of key milestones including:

- Submission of the FBC; and
- Launch of the Solent Freeport at the Solent summit in June 2022; and
- Commencement of the recruitment process to appoint a Chief Executive



In addition, FRAC have identified an emerging risk in relation to the requirement to sign a MoU with Government and this is a new entry on the register. A first draft of the MoU has been shared by HM Government and it is expected that a further draft will be circulated in due course.

The board are asked to

- **Consider and Agree** the corporate and strategic risk register attached at Appendix D.

## 8. Retained Rates - Risk Register

As has been previously reported it is estimated that over the 25 life of the Freeport over £500m of retained rates will be available for the Freeport to direct to projects that meet the objectives of the Freeport. Clearly this is a significant sum of money that must be managed carefully understanding the risks surrounding it whilst looking to ensure that the maximum benefit can be derived from it to fund projects within the Freeport geography.

As a result of this and working with the s151 Officers of each of the four rating authorities the Accountable Body has produced a risk register which is attached at Appendix E and FRAC have reviewed this and recommended it for consideration by the Board. This risk register will be reviewed regularly updating scores and RAG ratings, showing a direction of travel of any particular risk and be reported to each meeting of the FRAC, the Retained Rates Investment Committee and the main Freeport Board.

The board are asked to

- **Consider and Agree** the retained rates risk register attached at Appendix E.

## 9. Reserves / Contingency

At their meeting on 24 May 2022 the Board raised a question regarding the level of contingency currently included at 5% in the financial forecasts and the Accountable Body explained that the levels of contingency were set at modest levels as the Retained Rates MoU sets out that the first call on the retained rates pool is to underwrite any operational deficit of the Freeport meaning there is the ability to draw on the pool should any unforeseen costs arise.

Whilst the operation of the Freeport is in its early stages it was felt prudent not to create a budget or contingency with a lot of headroom as it is important that the retained rates are used for investment in the Freeport wherever possible.

Should the board require additional resources to fund a particular activity or if an unbudgeted event occurs there is a level of reserves to fund such additional costs and the financial forecasts show the current forecast call on the rates pool and the rates available for the Board to direct.

In addition to this the Accountable Body has created a reserves policy which FRAC considered at their recent meeting. The policy sets out the principles to provide financial cover for the operating costs of the Freeport and the overall retained rates pool. This is set out in Appendix F.

This policy will be reviewed on a regular basis by the FRAC to help manage any financial risks for the Freeport.

The board are asked to

- **Adopt** the reserves policy attached at Appendix F.

## 10. SEED Capital funding

As FBC approval unlocks the SEED capital funding, working to the latest timeline this suggests that it could become available once all signatories to the HM Government MoU have signed the document so it is therefore possible that SEED capital funding could be available from October 2022.

As a result of this the Board agreed at their meeting on 24 May that calls for business cases should be issued and an invitation to submit a business case (at either Strategic, Outline or Full stage depending on the anticipated start on site date) was issued on 22 June with a submission date of 2 September 2022 to all SEED Capital scheme leads as well as promoters of projects within the wider pipeline. When they are received, independent due diligence will be undertaken with a view to reporting outcomes of the appraisal to the board at its meeting on 12 October 2022.

The SRO and the Accountable Body are in the process of commissioning capacity to undertake the independent due diligence.

FRAC will undertake further work to look at whether there is a need to look at a wider call for projects (beyond the scope of the SEED capital projects and promoters of projects within the existing pipeline) with a view to providing advice to the board on this at the October 2022 meeting.

Board Members should note that one scheme promoter within the SEED Capital pipeline is the Solent LEP and, in addition to this, Solent LEP have been contracted by Solent Freeport Consortium Limited to provide executive support services which includes management of the SEED capital funding call. On this basis, it is recognised that there is an interest to manage as part of the process and the Freeport Board should assure themselves that this is managed appropriately. A statement in relation to how the LEP will manage this interest has therefore been sought and is provided in Appendix G.

## **11. Summary**

There is a balanced budget for the Freeport out to the end of the 2025/26 financial year as set out in Appendix C which reflects the latest known information, and this will continue to be reviewed and reported back to both the Finance, Resources and Audit Committee and the main SFCL Board.

As part of the balanced budget the call on retained rates is £1.5m or £2.05m if there is no further capacity funding made available by HMG. The Freeport can fund both scenarios however it is always preferable to investigate alternative funding sources to ensure that the maximum amount of rates remain available to fund investment priorities within the Freeport geography.

As previously reported to the Board the Accountable Body will continue to guarantee to underwrite any cash flow issues which means that the financial position of the Freeport remains strong as it approaches the delivery phase.

**14.7.2022**

**Annexe A**

**A confidential report will be considered at the  
meeting**

## Solent Freeport Budget 2022/23

Notes	Activity	Full Year Budget 2022/23*	Expenditure to 31 May 2022	Full Year Forecast and Proposed Revised Budget	Full Year Variance as at 31 March 23 Over / (Underspend)
		£	£	£	£
1	Direct Staffing	75,000	6,000	75,000	0
2	Recruitment Costs	23,000	0	23,000	0
3	Executive Support	306,000	30,999	306,000	0
5	Accountable Body Support	62,000	9,186	62,000	0
4	Legal support	8,000	2,894	8,000	0
6	Marketing & Communication costs	15,000	5,571	15,000	0
7	Commissions (including the OBC and FBC)	360,000	15,000	405,945	45,945
8	Commissions (Post Designation)	30,000	0	30,000	0
9	Other Operational costs	20,000	0	10,002	(9,998)
10	Contingency / Reserves	42,947	0	7,000	(35,947)
	<b>Totals</b>	<b>941,947</b>	<b>69,650</b>	<b>941,947</b>	<b>0</b>

\* Budget approved by the Freeport Board on 24 May 2022

Funded By:	2022/23
	£
CLGU Freeport Set Up Revenue Funding - received	241,947
CLGU Freeport Set Up Revenue Funding - to be requested	300,000
ABP	50,000
Southampton Airport	tbc
Solent Gateways	50,000
Hampshire County Council	50,000
Portsmouth City Council	50,000
New Forest District Council	50,000
Eastleigh Borough Council	50,000
Havant Borough Council	50,000
Southampton City Council	50,000
<b>Totals</b>	<b>941,947</b>

<b>Operational (Surplus) / Deficit</b>	<b>0</b>
--	----------

**Notes / Budget Assumptions:**

- 1 This assumes the Freeport Chief Executive is not appointed until the Autumn of 2022.
- 2 Head-hunter / Recruitment consultant costs for the Chief Executive Post (including advertising) - aligns to agreed cost.
- 3 Solent LEP Executive support to enable the Freeport to achieve formal designation - extended to 31 March 2022  
These costs include support from the LEP Chief Executive as the Freeport SRO and other staff from the inception of the Freeport to the delivery phase including support to ensure that the FBC is delivered and final designation is reached. Once the Freeport CX is in post late in 2022 it is anticipated that the Freeport will begin to employ their own staff with a residual level of executive support.
- 4 External legal support to provide advice in the role of a company secretary to ensure that the Freeport Company is set up as a legal entity.  
Retainer fees agreed
- 5 Finance, Legal, HR and Audit support from the Accountable Body to ensure controls are in place and that the Freeport can be supported to enable it to function effectively
- 6 Marketing and communications activity to support stakeholder engagement network, website development and consultation
- 7 Budget based on agreed fees with KPMG and Lichfields to deliver the FBC to Government. A further sum has been added after agreement with the Freeport Board in anticipation of clarification work resulting from Government's HMG review of the FBC.
- 8 Indicative budget for further commissions as required
- 9 Modest sum for other operational costs that may arise during the year
- 10 Contingency allocation (5%) for the Solent Freeport to be able to respond to any unknown risks (any 'underspend' to be carried forward)

**SOLENT FREEPORT - BUDGET FORECAST TO 2025/26**

Activity	Actual 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Total Budget
	£	£	£	£	£	£
Direct Staffing	0	75,000	250,000	300,000	320,000	945,000
Recruitment Costs	12,650	23,000	0	0	0	35,650
Executive Support	198,593	306,000	217,000	197,000	180,000	1,098,593
Accountable Body Support	41,675	62,000	65,000	65,000	65,000	298,675
Legal Support	27,538	8,000	8,000	8,000	8,000	59,538
Marketing and communications	33,542	15,000	40,000	50,000	50,000	188,542
Commissions (Freeport Bid, OBC and FBC)	394,055	405,945	0	0	0	800,000
Commissions (Post Designation)	0	30,000	60,000	50,000	50,000	190,000
Other Operational costs	0	10,002	20,000	20,000	20,000	70,002
Contingency	0	7,000	35,000	35,000	35,000	112,000
<b>Totals</b>	<b>708,053</b>	<b>941,947</b>	<b>695,000</b>	<b>725,000</b>	<b>728,000</b>	<b>3,798,000</b>

Funding Summary	Actual 2021/22	Budget 2022/23	Budget 2023/24	Budget 2024/25	Budget 2025/26	Total Budget
	£	£	£	£	£	£
CLGU Freeport Set Up Revenue Funding - received	208,053	241,947	0	0	0	450,000
CLGU Freeport Set Up Revenue Funding - to be requested (Note 1)		300,000	250,000	0	0	550,000
ABP	50,000	50,000	50,000	tbc	tbc	150,000
DP World	50,000					50,000
Southampton Airport		tbc	tbc	tbc	tbc	0
Solent Gateways	50,000	50,000	50,000	tbc	tbc	150,000
Hampshire County Council	50,000	50,000	50,000	tbc	tbc	150,000
Portsmouth City Council	50,000	50,000	50,000	tbc	tbc	150,000
New Forest District Council	50,000	50,000	tbc	tbc	tbc	100,000
Eastleigh Borough Council	50,000	50,000	tbc	tbc	tbc	100,000
Havant Borough Council	50,000	50,000	tbc	tbc	tbc	100,000
Southampton City Council	50,000	50,000	tbc	tbc	tbc	100,000
Solent LEP	50,000	0	0	0	0	50,000
LA contributions to be confirmed (see note 2 below)			200,000	0	0	200,000
Retained Business Rates Growth (see current forecast below)			45,000	725,000	728,000	1,498,000
<b>Totals</b>	<b>708,053</b>	<b>941,947</b>	<b>695,000</b>	<b>725,000</b>	<b>728,000</b>	<b>3,798,000</b>

<b>Operational (Surplus) / Deficit</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
--	------------	----------	----------	----------	----------	------------

**Notes:**

1. The current forecasts indicate that the remaining HMG Freeport Set Up Revenue Funding of £550,000 will be required across the next two financial years.

2. The four rating authorities agreed in principle to the three year funding commitment in line with other board members. Invoices are being raised for 2022/23 with a further request for the funding for 2023/24 to be made later in the year once there is further clarity on the progress of the FBC / final designation.

	2022/23	2023/24	2024/25	2025/26	Total
<b>Current Business Rates Forecast</b>	0	1,100,000	2,800,000	6,600,000	10,500,000

**14.7.2022**

**Annexe D**

**A confidential report will be considered at the  
meeting**

**14.7.2022**

**Annexe E**

**A confidential report will be considered at the  
meeting**

**14.7.2022**

**Annexe F**

**A confidential report will be considered at the  
meeting**



**14.7.2022**

**Item 7**

**Governance Update**

**Item:** 7  
**Title:** Governance Update  
**Date:** 14 July 2022  
**Purpose:** For Information, Advice and Decision

---

**1. Update on Executive Recruitment**

The recruitment process for a Chief Executive went live on Monday 13<sup>th</sup> June 2022 and is open for applications until Wednesday 31<sup>st</sup> August. A verbal update will be provided at the meeting.

The board are asked to:

- **Note** the update on Executive Recruitment.

**2. Local Assurance Framework**

Based on updates received from HM Government, it is anticipated that guidance for Freeports in relation to Local Assurance Frameworks will be issued during Summer 2022. On this basis, it is recommended that the Solent Freeport consider the development of a Local Assurance Framework in advance of this requirement - recognising that any local framework will need to be reviewed in light of any subsequent guidance received from Government.

A Local Assurance Framework should set out in one document all the policies, rules and processes needed to provide the Government and the public with the necessary assurances around the use of public money.

Standard Government practice established within the National Local Growth Assurance Framework indicates that a Local Assurance Framework should outline:

- a) A clear description of roles and responsibilities;
- b) Arrangements for taking and accounting for all decisions and ways of working – ensuring effective public engagement, with key documents, decisions etc. made public in line with the requirements placed on Local Authorities, and an agreed means to manage conflicts of interest;
- c) Responsibilities of the Accountable Body – to include clarity on the role of the Section 151 Officer (or equivalent) and Accountable Body with regards to governance and financial oversight; and
- d) Arrangements to ensure value for money – to include a clear and transparent basis against which projects, programmes and portfolios are identified, appraised, and prioritised. It should include appropriate methodology to assess value for money with business cases developed in line with government guidance.

A draft Local Assurance Framework has been prepared and is provided at Annexe A for the review of the Board.

Many of the documents / policies which would form part of the Local Assurance Framework for the Freeport have already been established by the Board throughout the process to develop the Solent Freeport Full Business Case, however, the majority of these remain unpublished at this time. Therefore the Board should note that as part of agreeing a Local Assurance Framework, the Board are also asked to consider the publication of a range of wider documents. These are highlighted within the draft Local Assurance Framework in yellow and, for completeness, copies of the documentation previously agreed by the Board are provided in the reference material folder for the meeting.

In addition, to the information that has been previously agreed, there are a number of proposed documents highlighted in red which the Solent Freeport Board are yet to establish but it is recommended are developed for publication as a priority. These are:

- An Enquiry, FoI, Complaints and Whistleblowing Policy
- A Data Protection Privacy Notice (and appointment of a Data Protection Officer from the Accountable Body)
- A Confidential Items Policy

Board Members should also note that a key element of the Local Assurance Framework is a requirement for Board meeting agendas, papers and, subsequently, meeting notes to be published. This was also included as a critical action contained within the recent Solent Freeport Full Business Case Feedback and has therefore been implemented for this meeting.

The publication of meeting papers moving forward represents an opportunity to simplify the control of information, including introducing a new classification of information as follows:

- **Public** - The majority of information shared with Directors moving forward will now also be published and therefore there will be no restrictions on the use of information in the public domain.
- **Confidential** – Confidential information belonging to the Solent Freeport Consortium Limited will not be placed in the public domain and will be shared with Directors via a secure file sharing platform. However, recognising that data breaches in relation to this type of data are relatively lower risk, Directors will be able to download and / or print information on the basis that Directors have undertaken appropriate training and have confirmed their agreement to handling confidential information in line with a terms of use document.
- **Highly Confidential** - Confidential information belonging to other organisations or individuals. This information will be shared with Directors on the basis that Directors have undertaken appropriate training and have confirmed their agreement to handling confidential information in line with a terms of use document via a secure file sharing platform and Directors will not be able to download and / or print information.

In relation to implementation of the above, it is recommended that the Solent Freeport commission Bevan Brittan LLP to provide a training session for Directors (a recorded session which can be accessed and viewed remotely at any time) and, require Board Members to sign and return a terms of use document (similar to the terms of use document already agreed by the Board for the purposes of sharing the FBC).

The board are asked to:

- **Consider** and **Agree** to adopt and publish the Assurance Framework as set out in Annexe A, and
- **Agree** the appointment of Helen Magri as the Data Protection Officer for the Solent Freeport Consortium Limited, and
- **Delegate Authority** to the Executive to develop a draft Enquiry, FoI, Complaints and Whistleblowing Policy, Data Protection Privacy Notice and Confidential Items Policy for consideration at the next Board meeting, and
- **Agree** the policy in relation to classification of confidential information and delegate authority to the executive to implement the training and terms of use.

**14.7.2022**

**Annexe A**

**A confidential report will be considered at the  
meeting**

**14.7.2022**

**Item 9**

**Any Other Business**

**14.7.2022**

**A confidential item of correspondence will be  
considered at the meeting**