



AGENDA

Solent Freeport Consortium Limited (SFCL)
Finance, Audit and Resources Committee (FRAC)
Meeting to be held virtually on Monday 28 November 2022 – 16:00 to 17:00

Item	Title	Time
1.	Introductions and apologies for absence	16:00 – 16:05
2.	Notes of the last meeting on 20 September 2022, matters arising and declarations of interest	
3.	Implementation Plan review and status update to include consideration of HM Government draft MOU	16:05 – 16:20
4.	Retained Rates Investment Plan	16:20 – 16:40
5.	Finance update to include <ul style="list-style-type: none">- 2022/23 budget- Financial forecasts to 2024/25- Risk management framework	16:40 – 16:55
6.	Any Other Business <ul style="list-style-type: none">- Date of next meeting is to be advised	16:55 – 17:00

28.11.2022

Item 2

Notes of 20th September 2022 Meeting

Solent Freeport Consortium Ltd (SFCL) Finance, Resources and Audit Committee (FRAC) Meeting Note

Date: 20 September 2022
Time: 14:00 - 15:00
Venue: MS Teams

Present	In attendance
Anne-Marie Mountifield - Senior Responsible Officer	Brian Johnson - Freeport Chair
Edward Heron - NFDC - FRAC Chair	Nicola Twiddy - LEP Executive
James Fitzgerald - Accountable Body	Richard Jones - LEP Executive
Malcolm Coe - Havant Borough Council	
Richard Parkinson - Solent Gateway	
Apologies	
Derek Pretty - Eastleigh Borough Council	

Agenda Item	Notes	Action
1.	<p>Introductions and apologies for Absence Edward Heron welcomed all to the Solent Freeport Consortium Ltd (SFCL) Finance, Resources and Audit Committee (FRAC) meeting.</p> <p>Apologies were received from Derek Pretty.</p>	
2.	<p>Notes of the last meeting on 22 June 2022, matters arising and declarations of interest</p> <p>The notes of the meeting on 22 June 2022 were agreed.</p> <p><u>Matters Arising</u> All matters covered on the agenda for the meeting.</p> <p><u>Declarations of Interest</u></p> <ul style="list-style-type: none"> - Solent LEP Executive in relation to servicing requirements and charging for the freeport. - Anne-Marie Mountifield in relation to item 4 update on SEED capital. - James Fitzgerald in relation to item 4 update on SEED capital. 	
3.	<p>Implementation Plan review and status update to include review of HM Government draft MOU</p> <p>The paper was taken as read and an update was given on the implementation plan. The Plan was due to be reviewed at the Treasury Approvals Panel on 10 September but given the period of National Mourning, it is expected that the panel may convene on 24 September.</p>	

	<p><u>MOU</u> All Freeports have to sign a MOU with Government with a range of signatories. A second draft has been circulated to committee members and a number of areas are still under review including:</p> <ul style="list-style-type: none"> - Management of project change requests - Retained rates and the calculation of baselines <p>FRAC provided the following advice:</p> <ul style="list-style-type: none"> - The timetable for signing the MOU with HM Government would need to make provision for the Rating Authorities Full Council consideration and approval; - The timetable would need to make provision for an extraordinary Freeport Board meeting for sign off. - The Accountable Body would also need to formally consider their MOU before signing the document <p>Finance, Resources and Audit Committee Members:</p> <ul style="list-style-type: none"> • Noted the FBC update and implementation plan in Annexe A; • Reviewed the implementation plan and provided advice on it ahead of providing an updated plan to the Board for their meeting in October 2022 • Noted the HMG Freeport lead draft status draft report for June 2022, in Annexe B; and • Considered the v.2 draft HM Government MOU in Annexe C and provide advice and comments on the document to the Executive, Accountable Body and the Board. 	<p>Rating Authorities</p> <p>Board</p> <p>AB</p>
<p>4.</p>	<p>Finance Update The Finance Paper was taken as read and a summary of the paper was provided. Key points covered were the expenditure and budgets to 2023 including the recruitment process for the 4 non-executive roles which are now included in the financial forecast., legal expenditure and consultancy fees for the FBC, SEED Capital due diligence and Retained Rates work.</p> <p>A discussion was held on:</p> <ul style="list-style-type: none"> - membership fees for associate members - value for money benchmarking for the executive support services and - the development of an audit plan as the Freeport moves into the delivery phase <p>Future years expenditure was discussed including future rating authority software costs.</p> <p>The risk register has been updated to include new risks on cost of living and inflation risks to the Freeport.</p> <p>Emerging HM Government policy on Investment Zones was also discussed.</p>	<p>AB to take forward FRAC</p>

	<p>Finance, Resources and Audit Committee Members:</p> <ul style="list-style-type: none"> • Endorsed the revised budget for 2022/23 of £1,141,947 as set out in Appendix A and the forecast budgets for the period between 2023/24 and 2025/26 as set out in Appendix B and Recommended them for approval by the Solent Freeport Consortium Limited (SFCL) Board on 12 October 2022. • Noted the additional costs arising in the current financial year and the associated funding sources set out in paragraph 3 and Recommended them for approval by the SFCL Board on 12 October 2022. • Noted the requirement to begin to forecast the costs of collection, accounting and administration of the retained rates and Recommended that the Board agrees to factor these costs into the budget going forward. • Considered the corporate and strategic risk register at appendix C, provided feedback and Recommended it for approval by the SFCL Board on 12 October 2022. • Considered the retained rates risk register at appendix D, provided feedback and Recommended it for approval by the SFCL Board on 12 October 2022. <p>Anne-Marie Mountifield and James Fitzgerald left the meeting (14.54).</p> <p>Richard Jones provided an update on the SEED capital funding programme.</p> <p>Finance, Resources and Audit Committee Members:</p> <ul style="list-style-type: none"> • Noted the update regarding the SEED capital funding programme <p>Anne-Marie Mountifield and James Fitzgerald joined the meeting (14:58)</p>	<p>SFCL Board</p> <p>SFCL Board</p> <p>SFCL Board</p> <p>SFCL Board</p> <p>SFCL Board</p>
<p>5.</p>	<p>Any Other Business and date of next meeting</p> <p>An update was provided on the format of the Retained Rates Investment Committee meetings and it was advised that this work will need to come to FRAC for review. The Executive will canvass for a FRAC meeting in November.</p> <p>There was no further business, so the meeting was closed.</p>	<p>Executive</p>

Meeting closed at 14:59

28.11.2022

Item 3

Implementation Plan Review and Status Update



Item: 3
Title: Status report
Date: 28 November 2022
Purpose: For information and discussion

1. Draft resolution

Committee members are asked to:

- **Review** the implementation plan and provide any advice on it ahead of providing an updated plan to the board for their meeting in December 2022
- **Note** the update on monitoring and evaluation for the freeport
- **Note** the update on the final draft HM Government MOU attached in Annexe B and SEED capital spend profile in Annexe C
- **Note the** update on the timeline for Council and SFCL Board approval of the MOU.

2. Summary

Since the last meeting of the FRAC in September 2022 work has continued as per the implementation plan for the Solent Freeport and now reflects the achievement of key milestones including:

- The Treasury Advisory Panel has considered the FBC and have recommended the freeport for approval; and
- HM Treasury have confirmed that all three tax sites are able to progress to designation and the map for the Navigator quarter tax site has been published and designated with effect from 14 October 2022 – see <https://www.gov.uk/government/publications/maps-of-solent-freeport-tax-sites>

3. FBC update and Implementation Plan

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

- FBC approval – November 2022

The implementation plan (as attached in Annexe A) has been updated to reflect the designation of the Navigator Quarter Tax site and approval of the custom site at Solent Gateway.

Committee members are asked to:

- **Review** the implementation plan and provide any advice on it ahead of providing an updated plan to the board for their meeting in December 2022

4. HM GOVERNMENT MONITORING and EVALUATION (M&E)

HM Government as part of their ongoing monitoring and evaluation process have been completing a monthly status report for each Freeport and this stopped in June 2022 report.

Government have now published the monitoring and evaluation (M&E) data reporting requirements of the UK Freeports Programme, through the Department of Levelling Up, Housing and Communities (DLUHC). It details their mandatory reporting requirements for Freeports, the frequency of when they expect this to be collected and how we should do it. This should be read in conjunction with the [Freeports M&E Strategy](#) document which has been published by DLUHC and the Freeports Framework.

As Freeports move to the delivery phase, data reporting will be key to ensuring accountability for public money and tracking progress against the policy objectives. Reporting will also be used as evidence to inform annual reviews and provide government with the assurance to release future benefits.

We are advised that most of the data required for the M&E will be collected from national statistics and other data sets wherever possible. However, where this is not available within the appropriate geography or at the correct level of granularity, DLUHC will require primary data to be collected from Solent Freeport.

In line with the expected impacts of the Freeports Programme, they have identified eight main themes for the indicators they will ask us to collect:

- Business and job creation
- Regeneration and infrastructure
- Trade and investment
- Skills and education
- Innovation and collaboration
- Net Zero
- Freeport Programme resources
- Site delivery (note the role of site-specific agreements will be important in this regard)

There are two key sets of dates for Solent Freeport to be aware of:

- the recording dates; and
- the reporting dates.

Reporting will take place on the following cycles, commencing from 2023.

Frequency	Reporting Period	Due date
Quarterly project, financial and risk data	Q1 1 April to 30 June (Q1)	To be agreed between the Freeport and DLUHC
	Q2 1 July to 30 September (Q2)	
	Q3 1 October to 31 December (Q3)	
	Q4 1 January to 31 March (Q4)	
Mid-year Indicator reporting	1 April to 30 September	30 November
	1 October to 31 March	31 May
Annual Indicator reporting	1 April to 31 March	31 May

All freeports are currently preparing a baseline first return to cover the period 30 September 2021 to 30 September 2022 and the first return was submitted on 11 November 2022 and will be available to view in the reference folder. It is expected that this work will be overseen by the operations and delivery committee once established.

Committee members are asked to:

- **Note** the update on monitoring and evaluation for the freeport

5. HM GOVERNMENT MOU

As previously advised, following the approval of our FBC, the Government will agree an MoU with SFCL partners covering:

- The role and responsibilities of the accountable body; and
- The role and responsibilities of the Freeport Governing Body; and
- The planned use of retained business rates by the Freeport.

The MoU is intended to formalise the Government's expectations that the Freeport Governing Body delivers the Freeport proposition as articulated in the FBC. Drafts of the document was circulated to freeports earlier this year and following feedback a final version has been produced.

The Solent Freeport FBC has been considered by the Treasury Approval Panel and is now with Ministers for final approval. In anticipation of this DLUHC have provided the populated MoU based upon our approved FBC content as set out in Annexe B. This has been updated as marked under tracked changes for SFCL and following engagements with scheme leads the updated spend profile for the SEED capital schemes is included in Annexe C.

There are a range of supporting schedules as set out below and they can be viewed in the reference folder for this meeting.

- Schedule 1: Spend Profile (see Annexe C))
- Schedule 2: Progress Milestones
- Schedule 3: Communications Partnership Pack for Freeports
- Schedule 4: Freeports Performance Management, Security Audit and Assurance Framework ('the Freeports Framework')
- Schedule 5: Monitoring and Evaluation Indicators and Guidance
- M&E indicators to be collected by freeports

Our approved FBC and annexes have not been attached due to size limits **but do constitute part of the MOU**. We are reviewing the documents to ensure they accurately reflect our approved FBC, and we are asked to return them signed by the relevant authorities (Freeport Governing Body Chair, Accountable Body Section 151 officer, delegated authority within your Billing Authority or Authorities) to our DLUHC Freeport Lead. HM Government will then return the signed MoU to us and make plans for scheduling our first capital seed funding payment. If the MoU is returned signed during December (date to be advised), we should expect to receive our first payment in January 2023. The exact quantum to be paid in the 2022-23 financial year will be confirmed through our MoU agreement.

If we would like to request reasonable changes to our populated MoU, we need to do this at the earliest opportunity. We may request changes where the populated information in the MoU and associated Schedules does not accurately reflect the content in our approved FBC. **Changes will not be accepted if they deviate from our approved FBC**. We are working to agree feasible detailed targets for our Progress Milestones and M&E Indicators and these targets will be monitored via the processes set out in 'Schedule 4: the Freeports Framework' and as detailed in section 4 of this report.

It should be noted that our MoU contains actions at section 1.1.8 that the Government has identified as areas we should continue to strengthen following FBC approval. For Solent there are only two areas, and one relates to working with DLUHC on clarifying no detriment; setting the business rates retention baseline. We will be looking to work on this through the freeport finance officers' group and RRIC. The status of all actions will be reviewed during our first annual review in 2023.

We are currently working with s.151 officers and Chief executives of the Rating Authorities so that we can establish a timescale for Council approvals of the MOU, and it is anticipated that the MOU will be considered by approval by the SFCL Board at its meeting on 14 December 2022.

Committee members are asked to:

- **Note** the update on the final draft HM Government MOU attached in Annexe B
- **Note the** update on the timeline for Council and SFCL Board approval of the MOU.

28.11.2022

Item 3 - Annexe A - C

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

28.11.2022

Item 4

Retained Rates Investment Plan

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

28.11.2022

Item 5

Finance Update

Item: 5
Title: Finance, Resources and Risk update
Date: 28 November 2022
Purpose: For Information, Advice and Decision

Confidential information has been removed from this report.

Information defined as exempt in Part 1 of Schedule 12A to the Local Government Act 1972 has been removed from this report including:

- information relating to an individual, and/or;
- relating to the financial or business affairs of a particular person (including the authority holding that information).

1. Introduction

- 1.1 This report provides the Solent Freeport Consortium Limited (SFCL) Board with the latest position of the Solent Freeport budget including the actual expenditure to 31 October 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 the latest versions of the retained rates and the corporate and strategic risk registers and sets any emerging financial issues and recommends action where appropriate to manage these areas for members of FRAC to consider, comment on and provide advice to the Board accordingly.

2. Recommendations

2.1 It is recommended that the FRAC:

- (i) **Endorse** the revised budget for 2022/23 of £1,058,947 as set out in Appendix A and the forecast budgets for the period between 2023/24 and 2025/26 as set out in Appendix B and **Recommend** them for approval by the Solent Freeport Consortium Limited (SFCL) Board on 14 December 2022.
- (ii) **Note** and **Approve** the budget updates in paragraphs 3.2 and 3.3.
- (iii) **Note** and the risks surrounding partner funding contributions in paragraph 3.4 and **Agree** to request short term cash flow support from the Accountable Body.
- (iv) **Note** the potential risk regarding rating authority contributions for 2023/24 as highlighted in paragraph 4.2 and **Agree** that the Accountable Body undertakes steps to confirm the status of these contributions.
- (v) **Consider** and **Agree** the corporate and strategic risk register attached at Appendix C.
- (vi) **Consider** and **Agree** the retained rates risk register attached at Appendix D.
- (vii) **Note** the update regarding the SEED capital funding programme which will be provided at the meeting.

3. Current Year Budget Status

- 3.1 The budget for the current financial year showing the actual expenditure to 31 October 2022 and the forecast to 31 March 2023 is attached at Appendix A.

This budget includes the impact of the previous decisions made at previous meetings 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.

The changes to the budget that was approved by the SFCL Board on 12 October are as follows:

3.2 Chief Executive Recruitment

Further to the announcement that Mayoral Combined Authorities or Upper Tier Local Authorities and Freeports could bid for Investment Zones with expressions of interest required by 14 October the Board agreed to postpone the Chief Executive recruitment exercise so that any impact this new policy initiative may have on the role could be considered.

As part of the Autumn Statement 2022, Government confirmed that the Investment Zones programme would be refocussed and existing expressions of interest would not be taken forward. The Chief Executive recruitment process has therefore been reinvigorated with interview expected to take place on 11 January 2023.

The result of this is that it is unlikely that the post will be filled until the beginning of the new financial year however an element of the savings that this will realise in the current financial year have been redirected to the ongoing LEP Executive and SRO support that will continue at the same level until the Chief Executive takes up their post.

3.3 Consultancy Fees

The core consultancy fee budget to reach an approved full business case is on target in line with increases agreed at previous board meetings. The full business case is complete with final critical addressed and final HMG sign off is expected shortly,

As highlighted at previous meetings further consultancy work has been commissioned to support two further important workstreams, the seed capital funding call and the development of a retained rates investment plan which needs to be completed by December 2023. KPMG are supporting both workstreams which are progressing well and in order to accommodate the fees for this the other commission budget has had to be increased by £18,000. This increase can be funded from the existing contingency budget that has been set aside for such items of expenditure.

3.4 Other Funding Contributions

Further to previous discussions with FRAC and the SFCL Board it had been assumed that as well as seeking contributions from board members, the Freeport may want to seek contributions from other key Freeport partners and with this in mind additional contributions of £150,000 were added to the financial forecasts to help fund the operational costs of the Freeport.

Since the last Board meeting one of the associate members has advised that under their financial rules and protocols, they will not be in a position to provide a funding contribution. They have discussed this with the Chair and SRO and an update will be provided at the meeting, alongside any further advice is being taken on this matter

As a result of this it is prudent to remove this income from the financial forecasts due to the uncertainty of its ultimate receipt.

The impact of this is set out in the financial forecasts which now show an in-year operational deficit of £67,000 as the removal of £150,000 of income has been partially offset by other savings and a reduction in the contingency.

The Accountable body is content to fund this short-term cash flow issue which the Freeport can 'repay' in the following financial year from the forecast growth in rates that will be retained. It is important to note however that ultimately any operational deficit will need to be funded from business rate growth in line with the agreed MoU which means that this funding cannot be used to underpin wider investment across the Freeport geography.

4. Future Years Budgets

4.1 The latest forecast budget for the following three years is attached at Appendix B

At present the majority of the budget is allocated to the resourcing of the Freeport in order to ensure the objectives in the full business case are delivered.

The future years budgets are built on 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.

In terms of a staffing structure, 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.

Staffing requirements for the delivery stage will continue to be reviewed at RENCOM and FRAC to provide advice to the Board on the nature and mix of the resourcing required, including the need to commission any external support and the associated financial implications.

It should be noted however that the transition to this resourcing model will take effect once 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 late Autumn 2022.

Future Years Funding

4.2 Board members will be aware that their contributions have been critical in ensuring that alongside government capacity funding the Freeport has to date had a sustainable operating budget.

The financial forecasts include a third year of contributions from the rating authorities however some of the ratings authorities have raised concerns around the affordability of a £50,000 contribution in 2023/24.

The Accountable Body will seek formal confirmation in respect of all contributions for 2023/24 and will report back to the board in December. The financial forecasts currently include a total of £200,000 from the four rating authorities so any reduction of this will mean that after reviewing levels of expenditure to potentially realise any expenditure savings, the first point of call to balance the budget will be to draw on the retained rates pool. At present it is estimated that £74,000 is already required however this will increase should any contributions not be forthcoming.

4.3 There will be a further call on the retained rates pool in respect of any reasonable new responsibilities for the cost of collection, accounting and administration of the retained rates and the rating authorities have been asked to provide an estimate of these costs.

4.4

It will also be prudent to set a contingency sum for the Freeport to be able to draw on to react to any emerging issues or pressures.

The Accountable Body are modelling a range of scenarios that will be presented back to FRAC and the Retained Rates investment Committee for consideration.

5. Capacity funding update

The third tranche of capacity funding of £300,000 has been received meaning that the Freeport have now drawn down £750,000 of the £1m set aside for each Freeport with the balance to be requested in 2023/24.

6. Corporate and Strategic Risk Register

An updated corporate and strategic risk register is provided in Appendix C where risk ratings have been reviewed and revised as appropriate with updated commentary.

This committee is required to review the risk management framework of SFCL and provide advice to the Board on any emerging risks or high-risk areas. An updated corporate and strategic risk register is therefore provided in Appendix C, and it includes a RAG status for each risk and a trend analysis.

7. Retained Rates - Risk Register

As has been previously reported it is estimated that over the 25 life of the Freeport c £485m 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.

This is reviewed at each meeting of the FRAC and with the s151 Officers of each of the four rating authorities and the latest version attached at Appendix D includes updated scores and RAG ratings, showing a direction of travel of any particular risk.

A review of this risk register will also become a function of the Retained Rates Investment Committee and the main Freeport Board.

8. SEED Capital funding

There will be a verbal update on this work at the meeting.

9. Summary

There is a balanced budget for the Freeport out to the end of the 2025/26 financial year as set out in appendix B 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.

At present, the requirement from the retained rates to contribute to the operating costs of the Freeport is forecast to be in the range of £1.6m to £1.85m and this should be at the lower end if HM Government confirm that the remaining £250,000 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.

Should either scenario not be the case then the commitment on the rates pool will increase accordingly.

It remains 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 all the time the company can be judged to be a going concern which means that the financial position of the Freeport remains strong as it approaches the delivery phase.

Solent Freeport Budget 2022/23

Notes	Activity	Full Year Budget	Expenditure to 31	Full Year Forecast	Full Year Variance
		2022/23*	October 2022	and Proposed Revised Budget	as at 31 March 23 Over / (Underspend)
		£	£	£	£
1	Direct Staffing including Board remuneration	75,000	0	0	(75,000)
2	Recruitment Costs	59,000	19,055	59,000	0
3	Executive Support	306,000	182,342	350,000	44,000
5	Accountable Body Support	62,000	28,498	57,000	(5,000)
4	Legal support	20,000	14,304	20,000	0
6	Marketing & Communication costs	50,000	37,494	50,000	0
7	Commissions (including the OBC and FBC)	405,945	309,622	405,945	0
8	Other Commissions	67,000	0	85,000	18,000
9	Other Operational costs	20,000	0	5,000	(15,000)
10	Contingency / Reserves	77,002	0	27,002	(50,000)
	Totals	1,141,947	591,314	1,058,947	(83,000)

* Budget approved by the Freeport Board on 12 October 2022

Funded By:		2022/23
		£
	CLGU Freeport Set Up Revenue Funding - received	541,947
	ABP	50,000
	Southampton Airport	50,000
	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
11	Accountable Body Cash Flow support	67,000
	Totals	1,058,947

Operational (Surplus) / Deficit	0
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Notes / Budget Assumptions:

- 1 This assumes the Freeport Chief Executive is not appointed until the beginning of the 2023/24 financial year.
- 2 Executive search costs for the Chief Executive and Non Executive Director roles
- 3 Solent LEP Executive support to enable the Freeport to achieve formal designation - extended to 31 March 2023
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 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 Budget for further key commissions including SEED capital due diligence and the retained rates investment plan
- 9 Modest sum for other operational costs that may arise during the year
- 10 Contingency allocation for the Solent Freeport to be able to respond to any unknown risks (any 'underspend' to be carried forward)
- 11 The Accountable Body will provide short term cash flow support which will be repaid from retained rates when received

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 including Board remuneration	0	0	250,000	300,000	320,000	870,000
Recruitment Costs	12,650	59,000	0	0	0	71,650
Executive Support	198,593	350,000	217,000	197,000	180,000	1,142,593
Accountable Body Support	41,675	57,000	65,000	65,000	65,000	293,675
Legal Support	27,538	20,000	20,000	20,000	20,000	107,538
Marketing and communications	33,542	50,000	40,000	50,000	50,000	223,542
Commissions (Freeport Bid, OBC and FBC)	394,055	405,945	0	0	0	800,000
Other Commissions	0	85,000	60,000	50,000	50,000	245,000
Other Operational costs	0	5,000	20,000	20,000	20,000	65,000
Contingency	0	27,002	35,000	35,000	35,000	132,002
Totals	708,053	1,058,947	707,000	737,000	740,000	3,951,000

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	541,947	0	0	0	750,000
CLGU Freeport Set Up Revenue Funding - to be requested (Note 1)			250,000	0	0	250,000
ABP	50,000	50,000	50,000	tbc	tbc	150,000
DP World	50,000					50,000
Southampton Airport		50,000	50,000	tbc	tbc	100,000
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)			74,000	737,000	740,000	1,551,000
Accountable Body Cash Flow Support		67,000	(67,000)			0
Totals	708,053	1,058,947	707,000	737,000	740,000	3,951,000

Operational (Surplus) / Deficit	(0)	0	0	0	0	(0)
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Notes:

1. The current forecasts include the balance of £250,000 of HMG capacity funding due to be drawn down in 2023/24.

2. The four rating authorities agreed in principle to the three year funding commitment in line with other board members. 2022/23 payments have been invoiced. Clarity is being sought around the expected 2023/24 contributions.

	2022/23	2023/24	2024/25	2025/26	Total
Current Business Rates Forecast (to be revised in 2023)	0	1,100,000	2,800,000	6,500,000	10,400,000

APPENDIX C

Corporate and Strategic Risk Register

A confidential report will be considered at the meeting

APPENDIX D

Retained Rates Risk Register

A confidential report will be considered at the meeting