



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

Date: Wednesday 5 April 2023
Time: 14:30 - 16:00
Venue: MS Teams

Present	In attendance
Anne-Marie Mountifield - Senior Responsible Officer	Nicola Twiddy - LEP Executive
Alan Bethune - New Forest District Council	Richard Jones - LEP Executive
Derek Pretty - Eastleigh Borough Council	
Edward Heron - NFDC - FRAC Chair	
James Fitzgerald - Accountable Body	
Paul Somerset - Accountable Body	
Richard Parkinson - Solent Gateway	
Wayne Layton - Havant Borough Council	
Apologies	
No apologies were received	

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>There were no apologies to note.</p>	
2.	<p>Notes of the last meeting on 28 November 2022, matters arising and declarations of interest</p> <p>The notes of the meeting on 28 November 2022 were agreed.</p> <p><u>Matters Arising</u> Page 2 - it was confirmed that the MoU has been signed by all relevant parties. Page 2 - Retained Rates Investment Plan - was approved by the Board on 13 March 2023. Page 2 - Capacity Funding - the residual balance was requested and has been received.</p> <p><u>Declarations of Interest</u> No declarations were received.</p>	

<p>3.</p>	<p>Implementation Plan review and status update to include consideration of Solent Freeport Monitoring and Evaluation (M&E) Year 2 Engagement Plan.</p> <p>The paper was taken as read and an update was given on the main items within the report including:</p> <ul style="list-style-type: none"> - Confirmation from HM Government that Solent Freeport was one of the first three freeports to receive final approval; and - Agreement of the MoU between the SFCL Board, The Accountable Body, The Billing Authorities and HM Government (DLUHC) with confirmation that all parties have signed the document; and - Payment of £3.1 million SEED Capital funding for 2022/23 with a further £21.9 million due for payment in 2023/24. - An Operations & Delivery Committee will be established in late summer/early Autumn. - The Board will need to consider the need to develop an annual delivery plan and annual report, to replace the current Gant Chart. In the interim KPMG will be asked to update the Gant chart with input from the site leads. <p>A discussion was had on the resourcing costs of providing the M&E returns, noting that feedback has been provided to DLUHC on the need for proportionality.</p> <p>The Progress Milestone RAG rating was reviewed and discussed and FRAC Members were supportive of recommending to the SFCL Board that a further funding call is prepared, and status update is prepared on the SEED capital projects in the system to maintain a strong pipeline of projects.</p> <p>Finance, Resources and Audit Committee Members:</p> <ul style="list-style-type: none"> • Reviewed the implementation plan in Annexe A and provided advice on it ahead of providing an updated plan to the board for their meeting in April 2023; and • Noted the advice in relation to producing an annual delivery plan and annual report from 2023/24 onwards. • Noted the update on monitoring and evaluation for the freeport and the schedule of engagement in Annexe B; and • Agreed that the freeport commission some additional capacity to meet the requirements for monitoring and evaluation for the 2nd monitoring and reporting period (March 2023 – June 2023) • Noted the update on progress against delivery milestones under schedule 2 of the HM Government MOU in Annexe D and SEED capital spend profile attached in Annexe B. 	<p>AB</p> <p>SFCL AB</p>
<p>4.</p>	<p>Retained Rates Investment Plan Update</p> <p>The updated was taken as read. The Retained Rates Investment Committee (RRIC) met on 27 March 2023 and considered the work on an evidence base to extend the tax incentives by 1, 2, 3, and 5 years. Modelling work on this is now underway.</p> <p>An Investment Zones prospectus was published following the Spring Budget noting that subject to affordability there may be an opportunity for areas not announced in the prospectus, to enter discussion with Government. Clarification has been sought on the timelines for the accessing the tax</p>	

	<p>incentives within Investment Zones as the prospectus references harmonising the timeline for accessing tax incentives across the freeport and investment zone programmes.</p> <p>Version 1 of the Retained Rates Investment Plan has now been submitted to Government and work has begun on version 2 of the plan to include:</p> <ul style="list-style-type: none"> - An update to the Retained Rates forecasts. - An update to the latest pipeline of potential schemes / local programmes seeking retained rates funding. - Developing a more detailed understanding of the funding and financing options for the two potential early infrastructure schemes. - Updated cashflow options analysis. <p>The A326 presentations and the update on the Navigator Quarter that were provided at the RRIC Meeting will be shared with SFCL Board members following the meeting, along with committee meeting papers.</p> <p>The Finance, Resources and Audit Committee Members:</p> <ul style="list-style-type: none"> • Noted the update in relation to the Retained Rates Investment Plan. 	Executive
5.	<p>Finance Update</p> <p>The Finance Paper was taken as read and a summary of the paper was provided. Key points covered were the final position for 2022/23, the flex between consultancy and staffing costs, SEED capital funding future pipeline and risk registers.</p> <p>Reference to future Local Authority contributions from 2024/25 will be removed from the forecasts at this stage.</p> <p><u>Audit</u></p> <p>Paul Somerset from the Accountable Body introduced himself and advised that they will meet with the Chief Executive once in role, to look at the Audit Plan for the future year.</p> <p>Finance, Resources and Audit Committee Members:</p> <ul style="list-style-type: none"> • Endorsed the revised budget and forecast outturn for 2022/23 of £1,004,200 as set out in Appendix A, the original budget for the 2023/24 financial year and the forecast budgets for 2024/25 and 2025/26 as set out in Appendix B and Recommended them for approval by the Solent Freeport Consortium Limited (SFCL) Board on 26 April 2023. • Noted the update in respect of the cost of consultancy in paragraph 4 of the report and Agreed to the provision of increased resources for key activities in 2023/24. • Noted the update and associated risks in respect of Retained Rates and Tax Incentives in paragraph 6 of the report. • Noted the update regarding the SEED capital funding programme as set out in paragraph 7 of the report and recommend to the SFCL Board that the programme pipeline needs to be strengthened. • Considered the corporate and strategic risk register at appendix C, provided feedback, and Recommended it for approval by the SFCL Board on 26 April 2023. 	<p>AB</p> <p>SFCL Board</p> <p>SFCL Board</p> <p>SFCL Board</p>

	<ul style="list-style-type: none"> • Considered the retained rates risk register at appendix D, provided feedback and Recommended it for approval by the SFCL Board on 26 April 2023. • Noted the intention to formulate an Audit plan as set out in paragraph 10 of the report. 	SFCL Board
6.	<p>Draft Annual report for 2022/23 to include review of Terms of Reference and Committee Composition</p> <p>Each SFCL Committee will provide an annual report to the SFCL Board. The first FRAC annual report covers:</p> <ul style="list-style-type: none"> - Monitors the integrity of financial statements and announcements, provides advice on annual reports and accounts, - Reviews internal financial controls and risk management systems, - Monitors and reviews the effectiveness of the company's internal and external audit functions, - Governance <p><u>Committee Composition</u></p> <p>The next SFCL Board meeting on 26 April 2023, will be Edward Heron's last Board meeting and this is the last FRAC meeting that Edward Heron will attend, before resigning from the SFCL Board.</p> <p>The Finance, Resources and Audit Committee Members:</p> <ul style="list-style-type: none"> • Agreed the Annual Report for Submission to the Solent Freeport Board, and; • Agreed to recommend the revised scheme of delegation at Annexe A to the Solent Freeport Board for adoption, and; • Agreed to recommend the Terms of Reference at Annexe B to the Solent Freeport Board for adoption, and; • Agreed to recommend the appointment of Richard Parkinson as interim FRAC Chair, to take effect following the resignation of Cllr Edward Heron from the Board of Solent Freeport Consortium Limited, and; • Agreed to seek an additional FRAC Member from amongst the public sector Solent Freeport Consortium Limited Board Members. 	<p>SFCL Board</p> <p>SFCL Board</p> <p>SFCL Board</p> <p>SFCL Board</p>
7.	<p>Any Other Business and date of next meeting</p> <p>The Executive's and Accountable Body's thanks were passed to Edward Heron for his role as the FRAC Chair and for his contribution made to FRAC and the wider SFCL Board.</p> <p>The next meeting is scheduled for 28 June 2023.</p> <p>There was no further business, so the meeting was closed.</p>	

Meeting closed at 15:43