



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

Date: Thursday 15 June 2023
Time: 10:00 - 12:00
Venue: MS Teams

Present	In attendance
Anne-Marie Mountfield - Senior Responsible Officer	Nicola Twiddy - LEP Executive
Alan Bethune - New Forest District Council	Richard Jones - LEP Executive
Gwen Robinson - Havant Borough Council	
James Fitzgerald - Accountable Body	
James Hassett - Solent Freeport	
Richard Parkinson - Solent Gateway (FRAC Chair)	
Apologies	
No apologies were received	

Agenda Item	Notes	Action
1.	<p>Introductions and apologies for Absence</p> <p>Richard Parkinson welcomed all to the Solent Freeport Consortium Ltd (SFCL) Finance, Resources and Audit Committee (FRAC) meeting and a warm welcome was extended to James Hassett and Gwen Robinson.</p> <p>The Eastleigh Borough Council representative for the Solent Freeport has changed to James Duguid, who will be invited to future meetings.</p> <p>There were no apologies to note.</p>	Executive
2.	<p>Notes of the last meeting on 5 April 2023, matters arising and declarations of interest</p> <p>The notes of the meeting on 5 April 2023 were agreed.</p> <p><u>Matters Arising</u> There were no matters arising, but two process points were raised:</p> <ul style="list-style-type: none">• There was an error in the April meeting note, the next meeting date was stated as 28 June, rather than 15 June. The 5 April meeting note will be updated to reflect the correct date.• NED recruitment is open for application and closes on 23 June 2023. <p>FRAC members were reminded that the 2022-23 SEED capital funding was paid in February 2023, with the balance expected to be paid in year 2.</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. The paper was taken as read and an update was provided on the main items of movement since the last meeting as:</p> <p>The Solent Freeport has 2 custom sites and 3 tax sites, designation is due today for the Portsmouth International Port site, meaning all designations will be complete.</p> <p>The Implementation Plan has been updated and moved to an Excel spreadsheet for easier completion by each site. An update on individual sites was provided, noting some site updates are still required. Further site updates will be requested to include a more detailed breakdown on project construction timelines.</p> <p>Tax incentive deadline extension Further modelling on the impacts of extending the tax incentives over 1, 3 and 5 years has been completed and provided to HM Treasury. Retained rates forecasts were also provided showing the risks that will be carried if an extension is not granted. The highlights from the report were provided.</p> <p>Comments on the consequences of not extending were provided and discussions will continue with HM Treasury.</p> <p>The report also profiles information by individual tax sites which was highlighted and discussed noting the potential implications on SEED Capital funding. FRAC members agreed that this was a very useful piece of work for the local area, Solent Freeport and for HM Treasury.</p> <p>The progress milestones RAG rating report was reviewed highlighting the points that need action, noting the pipeline of projects in place and the options for capital switching.</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 on 28 June 2023; and• Noted the updated case for extending the English freeport tax relief deadline in Annexe B; and• Noted the update on monitoring and evaluation for the freeport.• Noted the update on progress against delivery milestones under schedule 2 of the HM Government MOU in Annexe C.	<p>KPMG</p> <p>SFCL Board</p>
<p>4.</p>	<p>Retained Rates Investment Plan Update The updated was taken as read.</p> <p>The Retained Rates Investment Committee (RRIC) met on 18 May 2023 and considered the work on version 2 of the Investment Plan.</p>	

	<p>There are two main areas to update on regarding the Retained Rates forecasts and developing the pipeline of investments.</p> <p><u>Retained Rates Forecasts</u> KPMG are currently reviewing the forecasts which are proving to be more complicated than envisaged. They are working on a range of scenarios based on no extension being given to the most optimistic and all development is completed within the timeframe. This work will also be reviewed with the Rating Authorities with KPMG. Further details will be provided at the next Board meeting.</p> <p>Anne-Marie Mountifield left the meeting (11:01).</p> <p>RRIC have been looking at the development of the project pipeline and this will be reviewed by the Board at their next meeting on 28 June 2023. RRIC's updates include the timings of the call, which are looking at a series of windows to cover early delivery and the funding envelope has been reviewed to recognise the uncertainty around the forecasts to seek applications between £250k to £5m, allowing for a regular review of these thresholds.</p> <p>The call will also allow for programme proposals and not just projects.</p> <p>The draft communications plan linked to the launch and first windows of the funding call were highlighted. Noting that partner organisations will also be supporting with publicising and promoting the funding call. Webinars will also be provided to support applicants.</p> <p>Anne-Marie Mountifield re-joined the meeting (11:06)</p> <p>A discussion was had on the capability of a site and the potential of a project to unlock retained rates. The impact on business rates will need careful review and understanding. The skills agenda will also be a key consideration when unlocking sites. The Solent Freeport Board may wish to consider a commission to tender for a call to support the work on the Investment Plan objectives. As part of the strategy for investment, a draft specification for the sorts of projects the Freeport would like to fund alongside an open call could be considered.</p> <p>An update on the revised forecasts and options on funding calls will be taken forward to the Board meeting at the end of June.</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. 	<p>SFCL</p> <p>SFCL</p>
<p>5.</p>	<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 outturn for the last year, which has not changed since the report at the last Board meeting in April. The budget for future years is under viewed and will be brought back to the next meeting. The call on retained rates to cover operational costs was also highlighted.</p> <p>An update was provided on a meeting that has taken place with the UK Infrastructure Bank and the support they can provide to Freeports.</p> <p>A summary on the risk register was provided for the SEED capital funding.</p>	

	<p>Finance, Resources and Audit Committee Members:</p> <ul style="list-style-type: none"> • Endorsed the final outturn for 2022/23 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 28 June 2023. • Noted the update in paragraph 5 and associated risks regarding the length of tax incentive windows and the impact on retained rates and provide Advice to the Board accordingly. • Noted the latest position regarding the SEED capital programme including the risks highlighted around defrayal and provide Advice to the Board. • Considered the corporate and strategic risk register at Appendix C, provided feedback and Recommended it for approval by the SFCL Board on 28 June 2023. • Considered the retained rates risk register at Appendix D, provided feedback and Recommended it for approval by the SFCL Board on 28 June 2023. • Considered the seed capital risk register at Appendix E, provided feedback and Recommended it for approval by the SFCL Board on 28 June 2023. 	<p>SFCL Board</p> <p>SFCL Board</p> <p>SFCL Board</p> <p>SFCL Board</p> <p>SFCL Board</p> <p>SFCL Board</p>
<p>6.</p>	<p>Any Other Business and date of next meeting The Executive will canvass for a date for the next meeting.</p> <p>Anne-Marie Mountifield passed on her thanks and best wishes for the future to FRAC Members for their time and contribution. On behalf of the FRAC Members, Richard Parkinson passed on his thanks to Anne-Marie for the work undertaken for the Solent Freeport and guidance given to date.</p> <p>There was no further business, so the meeting was closed.</p>	<p>Executive</p>

Meeting closed at 11:37