

**Minutes of a meeting of the East Midlands Freeport Board held on 28 March 2024 at County Hall, Glenfield.**

**PRESENT**

Nora Senior – Independent Chair

Landowners/Developers

David Bee – Uniper  
Andrew Pilsworth – SEGRO  
Peter Ralston – Goodman  
Ioan Reed-Aspley – East Midlands Airport  
Frank Robotham – Maritime Transport  
Julie Rossiter – Etwall Land Limited

Local Authorities

Mr Lee Breckon CC – Leicestershire County Council  
Councillor Keith Girling – Nottinghamshire County Council  
Councillor Tony King – Derbyshire County Council  
Councillor Keith Merrie – North West Leicestershire District Council  
Councillor Stephen Taylor – South Derbyshire District Council

Accountable Body Officers

John Sinnott – Chief Executive  
Nick Wash – Head of Service, Finance  
Gemma Duckworth – Senior Democratic Services Officer

Also in Attendance

Department for Levelling Up, Housing and Communities (DLUHC) Official  
James Arnold – North West Leicestershire District Council  
Dan Cooper – Head of Communications and Marketing, East Midlands Freeport  
Derek Higton – Nottinghamshire County Council  
Paul Miller – Senior Programme Manager, East Midlands Freeport  
Tom Newman-Taylor – Chief Executive, East Midlands Freeport  
Jon Rawcliffe, Inward Investment Lead – East Midlands Freeport (for item 8)

Apologies for absence were received from Councillor Neil Clarke, Phil Canning and Steve Griffiths.

1.	<p><b><u>Declarations of Interest.</u></b></p> <p>The Chair invited members who wished to do so to declare an interest in respect of items on the agenda.</p> <p>No declarations were made.</p>	
----	---	--

2.	<p><b><u>Minutes.</u></b></p> <p>The minutes of the Board meeting held on 1 March 2024 were agreed subject to an amendment to Minute Number 4.</p>	
3.	<p><b><u>Chair's Update.</u></b></p> <p>The Chair provided the following update on activity since the last meeting:</p> <ul style="list-style-type: none"> <li>• The University of Nottingham had secured £70m to undertake work in relation to advanced manufacturing and decarbonisation research, building the strength of the innovation offer.</li> <li>• The three elements of EMF's annual review with DLUHC had recently taken place. The outcome from this would be reported once known.</li> <li>• EMF was continuing to support the Green Futures Study.</li> <li>• A Board Strategy Day was currently in the process of being arranged. This would focus on how EMF could compete on a global stage and would also consider how tax sites could be best in class for design and environmental principles, and for creating coherent economic clusters. An outline of the day would be circulated once a date had been agreed. Members were asked to submit contributions for discussion.</li> <li>• A meeting had been held with East Midlands Combined County Authority to discuss the potential for representation within EMF governance. Prior to a decision being taken, any proposal would be presented to the Board for sign off. Alignment between EMF and the Investment Zone was also being considered.</li> <li>• The establishment of an Investment Zone Development Board had been suggested, with consideration being given to representation by EMF.</li> <li>• The CEO objectives had been updated and circulated prior to the meeting. These were noted by the Board.</li> <li>• Partners were reminded to complete the Declaration of Interests form which had recently been circulated.</li> </ul>	
4.	<p><b><u>CEO Update.</u></b></p> <ul style="list-style-type: none"> <li>• The CEO had recently attended a roundtable event with UK Freeport Chairs and SROs and Lord Johnson, Minister for Investment, hosted by the Department for Business and Trade (DBT). Some other Freeports were already well advanced in promoting their sites overseas and tapping in to DBT's global network.</li> <li>• EMF had responded to the consultation on the North West Leicestershire Local Plan.</li> </ul>	

	<ul style="list-style-type: none"> <li>Discussions had commenced with Freeport East around developing a 'green freight corridor' between Freeports.</li> </ul>	
5.	<p><b><u>Remuneration Committee</u></b></p> <p>Andrew Pilsworth, Chair of the EMF Remuneration Committee, presented the minutes from the meeting held on 12 March 2024 and provided an update on the actions arising from the meeting.</p>	
6.	<p><b><u>Business Planning Priorities, Financial Position and Proposed 2024/25 Operational Expenditure Budget.</u></b></p> <p>The Board considered a report which highlighted the proposed business planning priorities for EMF in 2024/25, provided an update on the operational expenditure forecast for 2023/24, and detailed options for the 2024/25 operational expenditure budget. An update was also provided on the latest projected Retained Business Rates (RBR) revenues over a 25 year period, along with an update on seed capital and the planned spend profile.</p> <p>It was the intention, at the forthcoming Board Strategy Day, to set long-term objectives and strategies for EMF, with an assumption for a 'high ambition' approach. For the forthcoming year, there would be a focus on four priority areas:</p> <ul style="list-style-type: none"> <li>Establishing an excellent organisation and getting the basic building blocks in place for successful delivery</li> <li>Building and maintaining trust with communities, stakeholders and Government</li> <li>Generating inward investment and creating a 'best in class' coherent and sustainable economic cluster at the tax and customs sites</li> <li>Championing the region and helping to tackle long-standing socio-economic and environmental challenges.</li> </ul> <p>The Board agreed with the priorities and noted that EMF needed to be as ambitious as possible and to ensure that it stood out from other Freeports in inward investment markets. Support from DBT would be utilised to ensure that this was achieved in a targeted way. It was stated that new sources of funding needed to be identified to unlock wider public/private investments; and work was starting to develop a detailed, long-term RBR investment plan. It was acknowledged that the current customs offer could be enhanced and work was taking place with partners to ensure the existing customs site became operational as soon as possible. Consideration would also need to be given to how EMF might align with, and support, other regional bodies.</p>	

	<p>In terms of the 2023/24 operational expenditure forecast, it was noted that there had been a significant overspend on legal support. However, overall, there was a forecast underspend of £401,000, mainly due to delays in operational set-up.</p> <p>The provisional operational expenditure budget for 2024/25 was £2.5m.</p> <p>The higher budget would be spent in line with clear strategies and plans set by the Board, and with the correct levels of controls in place to ensure EMF was managing public money effectively (with oversight by Leicestershire County Council as the Accountable Body).</p> <p>A query was raised around the amount in the provisional budget for comms, marketing and inward investment promotion. The Board was shown a detailed breakdown of costs. Work needed to start now to ensure EMF had greater visibility in national and international markets and in promoting the region. Competition for global inward investment was fierce, and some of EMF's target sectors and investors had long lead times and it was therefore appropriate to be marketing the Freeport now. This approach had been confirmed by DBT.</p> <p>A comment was made that the region was broader than the area covered by EMF. As a result, it was felt that there needed to be collaboration between EMF and other organisations in the region to promote the regional identity. It was felt that EMF was right to play a prominent role in promoting the region, but should continue to do this in a collaborative way. Although individual organisations could have different priorities, it should not become a competition between partners.</p> <p>In terms of the overall financial position, the total projected RBR revenue had increased over the 25 year period. However, the RBR revenue available for reinvestment was dependent on site delivery timelines and rateable value estimations being accurate.</p> <p>The near-term revenue projection was similar to previously, with the loan sufficient to plug the operating deficit. Relative to the previous forecasts, revenue was slightly lower from 2026/27 due to updated site development timelines, although the loan was still repaid on time. It was noted that the 2023/24 and 2024/25 RBR revenue was based on the National Non-Domestic Rates (NNDR) Quarter 1 already submitted by North West Leicestershire district council. The NNDR Quarter 3 ex-post adjustment was based on updated RBR revenue</p>	
--	--	--

	<p>projections. NNDR adjustments would be required in subsequent years, although these should become smaller as the Freeport became more established.</p> <p>With regard to confirmed revenues, it was noted that EMAGIC 1 RBR revenue was sufficient to cover EMF operations. Details were also provided in relation to seed capital.</p> <p>The Board agreed with the ‘high ambition’ approach and further consideration of the business planning priorities would take place at the Board Strategy Day, including having a clear business case for significant spend. It was suggested that it would be useful to have a progress update on operational expenditure as a regular item on future Board agendas (proposed to be quarterly, in line with wider financial updates).</p> <p><b>AGREED:</b></p> <p>a) to approve the business planning priorities for 2024/25 and the ‘high ambition’ approach;</p> <p>b) to note the 2023/24 opex forecast;</p> <p>c) to approve the ‘high ambition’ opex budget for 2024/25;</p> <p>d) to note the latest RBR revenue forecasts (including for EMAGIC 1); and</p> <p>e) to note the seed capital update and planned spend profile.</p>	NW
7.	<p><b><u>Board Effectiveness Review Update.</u></b></p> <p>Board members had provided comments, ahead of the Board, on the structure and operation of EMF governance and suggested ways in which it could be improved. The headline findings were summarised as follows:</p> <ul style="list-style-type: none"> <li>• Less frequent meetings with a focus on more strategic issues</li> <li>• Subcommittees to be more effective at providing scrutiny and assurance to the Board</li> <li>• Governance arrangements to remain proportionate</li> <li>• A clear scheme of delegation is required</li> <li>• Board needs to remain at the same size with the current balance/voting rights</li> <li>• Consideration of bringing EMCCA into governance arrangements</li> <li>• Public sector officer attendance at the Board is useful, but no delegated authority</li> </ul>	

- Discuss with DLUHC how best to represent Government within the structures
- More formal training for directors with the option for external expertise when required
- Public/private sector delineation important for specific decisions around public funds.

Members felt that monthly meetings should continue for the time being, pending the resolution of governance and subsidy control issues. In order to reduce the amount of time the Executive Delivery Team was spending on Board meeting preparation, it was suggested that papers could be shorter with more of a verbal update at the meeting. Key was ensuring the structures below the Board were effective, with appropriate delegation to make decision-making and delivery nimbler, whilst reducing the volume of decisions required by the Board. Members endorsed the proposal for senior local authority members to have standing observer status to the Board.

Some examples of alternative governance structures were provided.

Arising from the subsequent discussion, the following points were raised:

- It was felt that the Section 151 Group was important and effective in providing a clear remit around financial accountability and it should therefore remain in its current format as a stand alone Group.
- The remit of the Remuneration Committee should remain broadly the same given the sensitivity around staff pay issues.
- The Accountable Body already played an important oversight role for EMF. It was not the responsibility of the Board to determine the remit of the Accountable Body in terms of providing assurance over financial management and decision making. The delineations of assurances and oversight of EMF could be set out more clearly.
- The proposal of having a Board with distinct subcommittees (with appropriate delegations) was felt to be a good option as this would enable the Board to be more strategic. However, it was essential that the subcommittees had the appropriate active membership. The possibility of having Board members chairing subcommittees would be explored further.
- It was felt important to ensure that, wherever possible, consistent and senior representatives attended the Board to ensure more effective discussions and decision making.

	<ul style="list-style-type: none"> <li>• The suggestion of Board meetings every four months was not generally felt to be viable. More frequent Board meetings, for example every 6-8 weeks, were considered to be more realistic, although this should only be the case when all outstanding governance and subsidy control issues had been resolved.</li> <li>• All options needed to be balanced against the risk of having too many meetings.</li> <li>• A query was raised around the governance structure of other Freeport Boards. DLUHC would share further information around this as all had different structures and arrangements.</li> <li>• A comment was raised that the Board needed to learn from private sector structures in terms of efficient decision-making.</li> <li>• The DLUHC representative commented that the MoU recognised the current Board structure and it was important that this was considered and any change to that structure would need to go through the Project Change Request process. However, the Board Effectiveness Review was an essential step and it would be interesting to see how the working groups and subcommittees would operate.</li> <li>• It was agreed that a Task and Finish Group be established to consider the Board Effectiveness Review and the findings should be fed into the Governance Subcommittee for review prior to final decisions being presented to the Board.</li> </ul> <p><b>AGREED:</b></p> <p>a) to establish a Task and Finish Group to develop final recommendations to present to the Board at its meeting in May, to allow for changes to be implemented as the governance documents are finalised and the company is incorporated;</p> <p>b) subject to the report being accepted, that the Executive Delivery Team produces terms of reference and a scheme of delegation for a new structure, to be reported to the Board for consideration;</p> <p>c) to consider any necessary change control process which may be required by DLUHC.</p>	
8.	<p><b><u>Finalising the Extension Plan.</u></b></p> <p><i>The DLUHC representative left the meeting prior to the start of this item.</i></p> <p>An update was provided.</p>	

	<b><i>Mr Breckon CC and Councillor Girling left the meeting at this point. However, the meeting was still quorate.</i></b>	
9.	<p><b><u>EMF Communications and Marketing Priorities 2024/25.</u></b></p> <p>The Board considered a report which presented the Communications and Marketing priorities for 2024/25, which had been developed to support the delivery of the Business Plan and sought to set the framework to deliver the ambitions of the Board for EMF. The longer-term focus for priorities would be considered further at the Board Strategy Day and the implementation plan would then be presented to the Board.</p> <p><b>AGREED:</b></p> <p>To approve the Marketing and Communications priorities for 2024/25 and the outlined approach.</p>	
10.	<p><b><u>Customs Update.</u></b></p> <p>The Board received an update on progress to date with Space Park Leicester becoming a customs site and from East Midlands Chamber of Commerce on the work it had undertaken to secure additional custom site operators within the Freeport outer boundary.</p> <p>It was agreed that the offering could be enhanced. Space Park Leicester was awaiting feedback from HMRC on its initial assessment, but was confident that it could meet HMRC's requirements and become fully operational over the next few months.</p> <p><b>AGREED:</b></p> <p>To note the update.</p>	
11.	<p><b><u>Funding Options for East Midlands Intermodal Park (EMIP)</u></b></p> <p>The Board was provided with an update.</p> <p><i>Peter Ralston, Goodman and Julie Rossiter, Etwall Land Limited, abstained from voting on the recommendations.</i></p>	
12.	<p><b><u>TSO Update – EMIP.</u></b></p> <p>The Board received an update on the work being undertaken on the EMIP site.</p>	
13.	<b><u>DLUHC Update.</u></b>	



	<p>It was noted that the UK Freeports website was now live. Case studies and examples of good news stories were being added.</p> <p>The annual reviews of EMF had been completed. The information received was being collated and the final outcome would be shared towards the end of April. Individual reports would only be shared with the relevant Freeport, although consideration was being given to producing an annual report relating to the performance of all Freeports.</p>	
14.	<p><b><u>Any Other Business.</u></b></p> <p>Andrew Pilsworth reminded the Board of SEGRO's Community Investment Scheme which was a school mentoring scheme. This now had 61 students being mentored by a range of people from organisations, including SEGRO and East Midlands Airport.</p> <p>At the end of the programme, it was the aim to offer students a month's paid internship where possible. Organisations were asked to let SEGRO know if they were able to offer this, in particular from the public sector. To assist with funding the internship, there was a funding pot from Career Ready.</p>	ALL
13.	<p><b><u>Date of Next Meeting.</u></b></p> <p>The next meeting of the Board would take place on 17 May 2024 at 10am at County Hall, Glenfield.</p>	

**1.00 – 4.45pm**

**28 March 2024**

**Chair**