

Forth Green Freeport Ltd- Board Meeting #12

Port Office, Forth Ports Ltd, Grangemouth

25th Sept 2025

10am -12.30pm

Board Directors in Attendance:		Other Attendees:	
Dame Susan Rice DBE	Chair	Sarah Murray	FGF Chief Executive Officer
Stuart Wallace	Forth Ports	Laura McIntyre	PMO / Secretariat
Councillor Alan Nimmo	Falkirk Council	Eilidh Callum	PMO / Secretariat
Andrew Gardner	INEOS	Laura Duffy	Scottish Government
Amanda Templeman	Falkirk Council	Jo McCrea-Curlett	MHCLG
Councillor Jane Meagher	City of Edinburgh Council	Andy Sim	Fife Council
Alan Muir	Scarborough Muir Group	Andrew Muddiman	Royal Navy
		Paul Kettrick	Falkirk Council
		William McAlister	Scarborough Muir Group
		Tom Morris	FGF
		Isobel Marr	FGF
		Emily Wright	MHCLG
		Steve Revell	Falkirk Council
Proxies			
Carol Connelly	Fife Council		
Apologies			
Dave Moxham	Workers Rep	Elin Williamson	City Of Edinburgh Council
Councillor Altany Craik	Fife Council	Malcolm Bennie	Falkirk Council
		Pamela Stephenson	Fife Council
		Chris Thompson	Scottish Government

No.	Minutes and Actions
1	Welcome and Introductions The Chair welcomed attendees and noted apologies from Dave Moxham and Councillor Craik (with Carol Connelly attending as proxy). Observer apologies were received from Elin Williamson, Malcolm Bennie, Pamela Stephenson, and Chris Thompson. The Chair informed the Board that Babcock was not represented at the meeting, as Ilgi Kim had submitted his resignation from the Board just prior to the meeting. A new representative will be proposed in due course.

	The Chair also welcomed Isobel Marr (Net Zero and Innovation) who was present at the meeting and Sharon Pryde (Skills and Fair Work) who was away attending an event for the Freeport. With their arrival, the Forth Green Freeport OpCo team is now complete. The Board formally agreed the appointment of Alan Muir from Scarborough Muir Group as a Director and welcomed him to the meeting. <u>Declarations of Interest</u> No new declarations were noted.
2	Chair Update <u>Minutes of Board Meeting #11 (June 2025)</u> Minutes were approved without amendments. <u>Action List Update</u> Most actions were completed and closed. Ongoing Actions include: • Action 4 relating to AB costs and services. Discussions continue with the intention to close the Action ahead of the next board meeting. Meanwhile, it remains an outstanding action. • Outstanding Action 1 – Landholder Agreements – There were still two outstanding signatories. The Ministry of Defence (MOD), however, had given its approval and the signed Agreement was subsequently received. Delays continued with Babcock, primarily due to structural and role changes within Babcock International. Board members joined the Chair in expressing concern regarding the lack of progress and reiterated that securing Babcock’s signature is critical to advancing the FBC process; Sarah confirmed that the governments will not accept our submission without their signed agreement. To follow up, the Chair will write to a senior executive at Babcock Group to make clear the detrimental impact to the whole enterprise of the delay and therefore the urgency of obtaining their signature. This will remain an outstanding action. • Outstanding Action 2 – Babcock M&E Data – Babcock data are still outstanding; as per the action above, this should be remedied once their nominee formally becomes a Director. This will remain an outstanding action. • Outstanding Action 4 – Draft OpCo Budget and Financial Scheme of Delegation – OpCo presented a draft budget which will be reviewed by the Audit and Risk Committee. The Financial Scheme of Delegation was not provided to the Board on the basis that it must first be agreed at the OpCo Board (Oct 25). It is anticipated that this will be brought to the TopCo Board at the next meeting (Nov 25). This will remain an outstanding action.

Action for Chair: Write to senior executive within the Babcock Group.

Chair's Update

The Chair reflected on the changes to board membership over the past 12 months and is currently conducting one-to-one meetings with members. Those who have not yet responded to the Chair's email are kindly asked to do so.

Given these changes and as the Freeport is on the cusp of being fully stood up, the Chair proposed a session to review where we are and take stock of the Board's focus in the post-MoU phase. The Board welcomed the proposal and discussed who might be able to run such a session, which will be scheduled once the new Babcock member is confirmed.

Following the release of the Industrial Strategy, UK Minister Alex Norris wrote individually to all 12 Freeport Chairs. The correspondence commended Forth Green Freeport for its commitment to fair work, transparency, and community engagement, and endorsed the inclusion of a trade union representative on the board. The Board noted that, as part of the public record, the exchange would be uploaded to the FGF website.

Action: PMO to work with the comms team to upload this exchange of letters between the Minister and the Chair to the FGF website.

Laura McIntyre informed the board that, as mentioned at a recent Freeports Accountable Body Forum, a potential governance review is expected across the English Freeports. A conference led by MHCLG is also being planned, focusing on governance, accountable body expectations, assurance, counter-fraud, and risk guidance. The event is likely to take place in London in October, with a draft agenda to be circulated to Accountable Bodies (ABs) once available. All UK Freeport ABs will be invited to attend.

Action: PMO/AB to ensure the Chair receives a copy of the agenda when available.

Cllr Meagher raised concerns on behalf of the City of Edinburgh Council (CEC) regarding the lack of a legislative mechanism to enforce the Freeport's investment principles. She noted that this gap presents a significant challenge and emphasised the strength of feeling within the CEC. She also offered an apology if any members of the CEC team had come across too strongly or caused offence at the previous board meeting, reiterating that their concerns stem from the absence of ultimate sanctions.

Paul Lawrence (Chief Exec, CEC) will be writing formally to the Chair to request that FGF consider sending a letter to the Scottish and UK Governments, urging them to explore legislative changes to support enforcement of the investment principles. The Chair reminded the Board that they can agree, or not, to doing so; she herself is receptive to doing so but will need to consider the detailed request when it comes in.

Emily Wright acknowledged the concern and has been working on this issue in her role with MHCLG for some time. She confirmed that all available avenues have been explored, including repeated engagement with the Chancellor and the Chief Secretary to the

	Treasury. Unfortunately, the UK Government remains unwilling to pursue changes, citing potential implications for broader tax system reforms. Emily endorsed the idea of sending a letter but advised the Board to temper expectations regarding the likelihood of legislative change. Laura Duffy noted that the Scottish Government has been working closely with UK counterparts on this issue, and Scottish Ministers are fully aware of the concerns raised. She confirmed that the Scottish Government would be supportive of FGF Ltd sending a formal letter to both governments to highlight the issue. Carol Connolly expressed Fife Council's support for sending a formal letter to both Governments. She emphasised the importance of this issue, particularly in relation to the expectations around growth, skills development, and the benefits to local communities. Carol also highlighted the reputational significance of demonstrating that the Board has taken all possible steps to address the matter. The Board agreed that, upon receipt of a formal request from CEC, it will consider a letter to both the Scottish and UK Governments to formally raise the concern. The Chair will draft a letter and issue to members for their feedback prior to it being sent. Action for Chair: develop draft for further Board discussion about formal expression of concerns about sanctions to the governments.
3	FBC Critical Actions & Progress to signing Landholder agreements were addressed under the Action Points. Sarah noted that she had been chasing the document from Babcock on an almost daily basis. She was recently told that the signed agreement was expected to be returned by 8 September, marking the first time a date had even been mooted. Regarding the FBC submission, Sarah thanked the PMO team for their work in ensuring all documentation is prepared and ready. The submission is now awaiting the final landholder agreements before it can be formally sent. Government assessors are on standby, and the Board has been informed to expect a two-week response period, followed by a further 6–8 weeks for Treasury approval and MoU preparation. The MoU will be discussed later in the meeting. It was noted, however, that these timelines are contingent on receiving the necessary documents from Babcock.
4	Risk Register No new risks were identified during the meeting. Landholder agreements continue to represent the highest risk to progress. The risk register will be updated post any actions

	agreed at today's meeting. The PMO team will also explore alternative, more accessible, ways to present high-level and evolving risks to the Board.
5	Operations <u>Chief Executive Officer Update</u> Sarah invited comments on her written report and welcomed any further suggestions regarding its layout or content. She then shared additional reflections with the Board, noting that she has now been in post for one year, a milestone that provides a useful moment to take stock of the OpCo's progress. While acknowledging that the FBC has not yet been submitted or approved, and that work remains on the MoU, Sarah expressed confidence in the OpCo's ability to move quickly once the MoU is signed. With a full team now in place, she believes the organisation is well positioned to prioritise the operationalisation of the FBC. Sarah also highlighted the upcoming autumn Monitoring & Evaluation (M&E) data collection as a key focus. Some baseline data still require cleansing, and she will be reaching out to member organisations to support this process. The OpCo is formalising its relationship with Scottish Enterprise through a Non-Disclosure Agreement (NDA), which will enable full transparency on enquiries related to the Freeport's tax sites. Sarah also noted strong relationship-building efforts with the National Wealth Fund and the Scottish National Investment Bank. She welcomed the recent consent granted to the Berwick Bank offshore wind farm and expressed optimism that this could translate into future investment opportunities, all the more important in light of the lack of full approval for Project ACORN. Sarah outlined upcoming engagements, including the CBI Annual Dinner, the Fife Expo, and the GB Energy Strategic Plan workshop. She also informed the Board of her (non-remunerated) appointments to the Edinburgh Chamber of Commerce Council and the Developing Young Workforce board, which were endorsed by the Chair. The OpCo plans to pursue corporate membership with the other relevant Chambers of Commerce, and Sarah continues actively to develop these relationships, most recently supporting Forth Valley Chamber of Commerce. Cllr Nimmo queried the appointment process to these roles to ensure there was no conflict of interest. The Chair responded that she followed a process used by every other board on which she has sat, viz making a judgment about the relevance and time commitment of such opportunities. In her experience, such voluntary, non-remunerated roles are appropriate for Chief Executives. In each case, Sarah sought the Chair's approval before accepting the position. The Chair invited members to suggest alternative processes if they felt a different approach should be considered.

Cllr Nimmo also raised concerns about the absence of performance monitoring for the OpCo, noting that Sarah has been in post for over a year and the Board is now six months into the financial year without having received a work plan or performance indicators. He stressed that this lack of strategic planning could expose the Board to external criticism, particularly from auditors. Other Board members echoed these concerns, highlighting the absence of a formal business plan. It was suggested that the OpCo's approach of recruiting a team before establishing a work plan was unconventional; typically, a plan would be developed first, followed by resourcing to deliver it. Members agreed that a visible and structured work plan for the remainder of this year and the next is now essential.

Sarah acknowledged the concern and explained that the delay in producing a business plan was due to not having a full team in place. However, she confirmed that developing a plan is now a priority for the autumn. She noted that the FBC itself outlines key deliverables and responsibilities, as does the scheme of delegation, and offered to share these with any Board member who would find it helpful. She also pointed to the subcommittee papers as evidence of ongoing work.

While Sarah admitted that progress has not been as advanced as she would have liked, she emphasised that now is the right time to put a plan in place, given the resources available. The Chair suggested that this topic could be explored further during the proposed governance session, which will help bring all members up to speed on the post-MoU landscape.

- **Action for SM: Develop a work plan for Board consideration covering the remainder of the current financial year and the next.**

OpCo Budget

The OpCo's draft budget was presented to the Board. Sarah also presented financial statements from OpCo's accountants; following their review at the Audit and Risk Committee these will be shared again with members. These documents offered further detail on income and expenditure and confirmed solvency, with £481,000 currently held in the bank account.

Sarah noted ongoing discussions with Malcolm Bennie of Falkirk Council regarding Accountable Body (AB) costs and services and indicated that a revised proposal is now expected by the end of the month.

Cllr Nimmo asked whether the budget had been audited; Sarah confirmed it had not. He then queried the timeline for finalising the budget. Sarah responded that she was awaiting clarity from Falkirk Council on AB costs and that the OpCo intends to finalise the budget at its Board meeting on 21 October.

Paul Kettrick stated that Falkirk Council's position is clear: the £200,000 AB cost for 2025/26 was agreed by the Board in December and should be used. He emphasised that there is no reason not to finalise the accounts now and relayed Malcolm Bennie's concern that

	the organisation is now five months into the financial year without a confirmed budget, a concern already raised by other Board members. Paul also questioned solvency and the ability to pay the AB. Sarah confirmed that the OpCo remains solvent, including the £200,000 allocated for AB costs, but reiterated that the AB discussion is not yet concluded. Paul stressed that Falkirk Council will not revise the agreed £200,000 cost for 2025/26, though work is underway to reduce costs in future years, with a revised proposal expected for 2026/27 onwards. The Chair closed the discussion, noting that this matter had been addressed extensively in previous meetings. The OpCo will await the revised proposal from the AB and continue discussions from that point. Amanda expressed appreciation for the cashflow statement and requested that similar financial updates be presented to the Board more regularly to provide ongoing assurance. She also emphasised the need for a clear Accountable Body paper to return to the Board, outlining the future distinction between Accountable Body functions, PMO functions (if any) and OpCo functions. This will help ensure the Board has appropriate oversight and assurance mechanisms in place. Carol Connolly agreed that a review of the Accountable Body function is necessary but cautioned that timelines should be considered, given the potential governance changes referenced earlier by Laura and her involvement in the Freeport Accountable Body Forum. The Chair acknowledged this and noted that while external developments may inform the proposal, the OpCo must continue progressing its internal arrangements without delay. Action CEO: share the OpCo's financial statements (shown at the meeting) following their review by the Audit and Risk Committee.
6	Subcommittee updates More comprehensive updates were provided for all subcommittees. It was noted that the content reflects focussed activity across the groups. The Chair reminded the Board that its role is not to delve into detailed operational matters. Instead, members require clear summaries that highlight key activities and outcomes, enabling them to ask informed questions and provide strategic oversight. Sarah confirmed that the first meeting of the Innovation Subcommittee is scheduled for 8 October. Isobel Marr has joined the OpCo and will lead this work, with Professor Gillian Murray from Heriot Watt University acting as interim Chair.
7	Seed Capital Paul presented an update on the seed capital projects, noting that progress remains contingent on the release of seed capital funding, which is tied to the finalisation of the Memorandum of Understanding (MoU).

Updates on several previously reported projects, which are progressing through business case preparation, were included in the circulated report. Two additional projects are progressing through the evaluation process:

1. Forth Ports Leith Site Preparation Project
2. Forth Ports – Grangemouth Utilities Capacity Study

Note a change in status of the INEOS Low Carbon Hydrogen Project (£5.61M): Due to the delay in the ACORN carbon capture project, this project is delayed and at risk.

Three reserve projects were previously identified:

1. CalaChem
2. Celtic Renewables
3. Scottish Water

Business cases and drawdown templates have been submitted for CalaChem and Celtic Renewables, and supporting documents were included in the Board papers. These projects were recommended for progression.

The Scottish Water proposal is now withdrawn, though it may be reconsidered in Phase 3 if additional details are provided.

The following decisions were agreed,

- Approval of seed funding for: Land preparation at Port of Leith (£4.25M), Forth Ports Utilities Capacity Study (£1M) and approval for the Accountable Body to issue appropriate grant offer letters once the MoU and landholder agreements are in place.
- Approval for the ICP Subcommittee to consider INEOS proposals (if forthcoming) and present recommendations to the next Subcommittee and Board meetings.

In response to a query from the Chair, Paul confirmed that of the £25M capital allocation, approximately £15.25M is currently committed.

Laura Duffy questioned the utilities project that was reported at £80,000 in the FBC and £1m in these papers, Steve responded that there are two utilities projects. There is the fully matched £1m Forth Ports project and there is the FGF-led utility assessment at £80,000.

The Chair raised a query regarding the timeline and process for capital project submissions. Paul provided a comprehensive overview of the capital project evaluation process:

- All projects submit a business case, which includes carbon reduction measures, deliverability plans, and key milestones.
- If a project drops out or is delayed, a de-scoping exercise is undertaken to assess the implications for the FBC. This process is brought to the Board for transparency and decision-making.

- Reserve projects may be considered to fill gaps left by withdrawn or delayed projects. These may not fully replace the original benefits but can contribute to the overall programme.
- Phase 1 and Phase 2 projects may be subject to change, creating opportunities for Phase 3 projects to be considered.

Paul confirmed that deadlines for submissions are set and communicated to all stakeholders. While some flexibility is allowed (e.g., a week's delay for signatures), the Board is kept informed of the business cases under consideration. In some cases, submission dates have been brought forward to align with Board meeting schedules.

The Chair asked whether exceptional new projects could be considered under Phase 3, even if funding is largely committed. Paul responded that while Phase 3 allows for emerging projects to be considered, fairness to existing applicants is paramount. Many Phase 1 and 2 projects are being progressed at risk, without released funding, and have invested significant resources. Reallocating funds to newer proposals would undermine that commitment.

However, Phase 3 provides a mechanism to consider remaining seed funding contributions and explore alternative funding models for promising new projects.

The Chair emphasised the importance of deliverability as a key criterion, noting that market and commercial circumstances can change. Paul confirmed that:

- Each project's grant award letter outlines key milestones.
- If a project deviates from its delivery plan, questions are raised and the matter is brought to the Board for review.
- The process is designed to be flexible but accountable, ensuring that funding is allocated to projects that can deliver tangible benefits.

Andy Sim supported this view, noting that landowners have a responsibility to update the Board on project readiness. For example, the Port of Leith land preparation project is tied to investor timelines extending into early 2026. If the deal does not materialise, the landowner must inform the Board so that funds can be reallocated.

Paul reiterated that transparency is embedded in the process. All donor organisations are represented on the ICP Subcommittee. While some discussions have been challenging, the process has been fair and effective.

The Chair affirmed the importance of maintaining flexibility to respond to changing circumstances while ensuring fairness and strategic alignment. She praised the robustness of the process and acknowledged that while some opportunities may be lost, others may emerge through Phase 3 or alternative funding routes.

Paul also brought to Board attention that the NESO grid connections reform evidence window closed on 26 August 2025, marking the deadline for submissions related to future

	grid connection proposals. This had been identified as a potential risk approximately 18 months ago during early discussions on utilities provision. Paul highlighted that the implications are already being felt. He provided the example that in one major inward investment project he is aware of, a submission was made and is now being considered; however, a neighbouring site that did not submit has been informed that no major grid connections will be available until potentially 2032. The Chair and other board members acknowledged the significance of this issue. It was suggested that grid connection reform and its consequences could be referenced in the proposed letter to Babcock.
8	T&I Subcommittee Special Agenda item Tom Morris presented an update of the OpCo's approach to investor engagement and tracking. Tom acknowledged the importance of terminology, noting that different stakeholders refer to potential site users as tenants, end users, or developers, rather than investors. While his paper uses the term "investor" for consistency, Tom committed to refining internal language to better reflect stakeholder preferences. The proposed system is designed to serve as a management information tool that tracks: • Incoming enquiries • Engagement status • Expected commercial operation dates • Potential triggers for rates and skills development Tom emphasised the need to balance robust reporting with practical engagement, ensuring that the system supports active investor relationship management. He also noted the importance of identifying which investor activities are directly attributable to seed capital investment. Tom noted that while the process appears linear, investor engagement is often more fluid and it must have some flexibility. Initial enquiries are handled by the Comms team, with Tom and Isobel coordinating follow-ups, logging and then sharing with relevant landowners and authorities. A prototype dashboard has been developed and is under review. Tom welcomed feedback on its format and content. He noted that confidentiality concerns have been addressed through the Trade and Investment Committee, which now meets monthly and provides a feedback loop with landowners. Document-sharing is being tested via secure links, somewhat akin to the PMO's use of the FGF TEAMS site. Board members expressed support for the approach. Tom will continue refining the dashboard and engagement process, incorporating feedback from subcommittees and stakeholders. The Board will receive updated materials as the system evolves.

	Reflecting on earlier conversations, Amanda noted that, as the process matures, the Board should begin to see clearer indicators of performance that can track the effectiveness of engagement and support the board in strategic oversight, such as volume of investor enquiries, conversion rates through engagement stages, timelines for progressing enquiries, delivery outcomes such as leases signed and jobs created etc. The Chair welcomed these thoughts and reminded the Board again that its role is to monitor the effectiveness of the system at a strategic level, rather than to engage in operational detail. Tom provided an update on the status of the proposed Investor Pack which has not yet been finalised, as current internal documentation mainly reflects government processes and compliance, which may not align with what investors need. Tom emphasised the importance of avoiding unnecessary red flags or confusion for investors by sharing overly bureaucratic or technical content prematurely. Instead, a more targeted and practical approach is being taken to support investor understanding and confidence. A two-page "Tax Explainer" has been developed and shared with the Trade and Investment Subcommittee. This document simplifies the legislative framework around tax and rates, enabling investors to model financial incentives without offering formal tax advice. It has already been shared with RWE, Celtic Renewables, and legal partners, and is publicly available for wider use. The document has been well received and is helping to build investor confidence. For more complex investor discussions, FGF will utilise a 'hand-holding' service provided by WSP consultants, who authored the original tax explainer materials. This service is funded through the MHCLG Hub and will be used for high-value or technically complex investor engagements. Tom outlined the evolving investor engagement process and explained that it is being piloted with RWE, Celtic Renewables, and an unnamed third investor. Calachem is also nearing the final stages of an investor agreement.
9	Community Engagement <u>Fife Council</u> - Andy Sim highlighted the success of a recent defence sector trade development event, which showcased opportunities in advanced manufacturing and defence supply chains. Ongoing stakeholder dialogue has been maintained, with well-received sessions held in spring and late August. Fife representatives are attending Offshore Europe this week to continue engagement around offshore wind opportunities. <u>Edinburgh Council</u> – Cllr Meagher confirmed that while formal engagement is limited at present, groundwork is being laid for future activity. CEC is awaiting key announcements before launching any broader outreach.

	Falkirk Council -Falkirk has maintained regular engagement with Grangemouth Community Council, with updates provided by Cllr Nimmo. A recent public meeting at Grangemouth Town Hall focused on broader community issues, including housing, homelessness, public transport, and town centre decline. The Freeport was mentioned but did not generate specific questions. The Infrastructure Communications Group meets monthly and coordinates messaging across key partners. This group will play a central role as Freeport-related communications increase. Upcoming initiatives include the Greener Grangemouth programme. This is a community engagement workshop on 11 September at Falkirk Wheel, involving public and private sector stakeholders and the Grangemouth Town Centre Masterplan, which is entering consultation and will be integrated into broader communications. The Board welcomed the updates and recognised the varying stages of engagement across the three authorities. Sarah noted that Debbie Johnston, who leads the Communications group, is actively working with partners to prepare messaging for use across all three local authority areas. As the MoU is signed and seed capital is released, communications will focus on tangible project impacts, including timelines and local benefits.
9	Accountable Body <u>MOU</u> Laura McIntyre explained that the MoU sets out the principles for governance, funding, and strategic delivery of the Forth Green Freeport and is a prerequisite for unlocking seed capital. The MoU comprises two main components: 1. Fixed national expectations applicable across all Freeports 2. Localised content drawn from the FBC Laura confirmed that the PMO team has been working closely with the Scottish Government to ensure the localised content accurately reflects FGF's commitments and is acceptable to all signatories. The draft MoU has been circulated to key signatories for feedback. The Scottish Government has requested a single final draft submission incorporating all requested changes. Once the feedback is finalised, the draft MoU will be submitted to the Scottish Government for review and returned as a final version to FGF Ltd for formal signing. The Chair will sign on behalf of FGF Ltd, with parallel processes for Council signatories.

	It was agreed that OpCo should commission a legal review on behalf of the Board, rather than relying on individual organisations to seek separate legal advice. This review should be conducted prior to submission. Laura Duffy, who played a key role in drafting the MoU, highlighted that the MoU is not a legal document, but rather a formal statement of intent. It sets out the ways of working and mutual expectations among: • UK Government (signed by Ministers) • Scottish Government (signed by Ministers) • Forth Green Freeport Ltd • The three local authorities responsible for collecting Non-Domestic Rates (NDR) • The Accountable Body Laura D. emphasised that the MoU outlines expectations of the Accountable Body, particularly regarding accountability for public expenditure, ensuring value for money, monitoring and evaluation and key areas of engagement. Ultimately It serves as a foundation for the relationship among all parties going forward. The Chair thanked both Laura's for their input and commented that the final version will be circulated to the Board for review prior to signing. Action for SM: commission legal review of final draft
11	AOB All directors should update their Companies House information as per the email issued by Laura and Brodies. Date of next meeting – Wednesday 5th November 2025 at INEOS Grangemouth. SMG offered to host the January board meeting.