



**Cabinet**

**Tuesday, 12 May 2026**

**East Midlands Freeport Change of Accountable Body**

## **Report of the Chief Executive**

**Cabinet Portfolio Holder for Strategic and Borough-wide Leadership,  
Councillor N Clarke**

### **1. Purpose of report**

The purpose of this report is to seek Cabinet support for the transfer of Accountable Body Status of the East Midlands Freeport (EMF) from Leicestershire County Council to East Midlands Combined County Authority (EMCCA).

### **2. Recommendation**

It is RECOMMENDED that Cabinet:

- a) approves the transfer of accountable body status for the East Midlands Freeport (EMF) from Leicestershire County Council (LCC) to the East Midlands Combined County Authority (EMCCA);
- b) agrees to EMCCA becoming a founder member of the East Midlands Freeport; and
- c) agrees the necessary changes to the governance documents to enable this transfer to take place in accordance with the principles set out in this report.

### **3. Reasons for Recommendation**

This path is preferred, as it allows for the necessary transfer of responsibilities, while limiting changes to the governance documents to administrative matters, thus preserving the integrity and stability of the existing arrangements. The Chief Executive is the designated member representative of the EMF. This proposal changes the principles on which EMF was founded when it agreed to join the company. It is, therefore, appropriate for Cabinet to consider any changes to those arrangements.

## 4. Supporting Information

### Accountable Body

- 4.1. East Midlands Freeport (EMF) was incorporated as EMF Ltd in July 2022 as a company limited by guarantee. The final business case was signed off by government on 30 March 2023. It is the only inland Freeport (with East Midlands Airport acting as the 'port') as part of a programme of Freeport creation by the government of the time. The Freeport covers three specific sites, namely:
  - Ratcliffe on Soar former Power Station site in Rushcliffe
  - East Midlands Airport and Gateway Industrial Cluster (EMAGIC) in North West Leicestershire
  - East Midlands Intermodal Park (EMIP) in South Derbyshire.
- 4.2. EMF has twelve founding members - six corporate partners and six local authorities, each appointing a director to the Board. Local authority representation on the Board is typically by Leaders or portfolio holders. An independent Chair brings the total Board membership to thirteen.
- 4.3. One of the requirements of Freeport status is that an Accountable Body authority function is provided by a local authority. Leicestershire County Council (LCC) has been the Accountable Body of EMF since inception. The role of the Lead Authority/Accountable Body includes, but is not restricted to:
  - Receiving funding on behalf of the East Midlands Freeport company and responsibility for its proper administration, ensuring that funding is used appropriately in accordance with the relevant legislation and applicable funding conditions and represents value for money in the use of public funds;
  - Maintaining financial systems to account for all funding received and disbursed on behalf of the East Midlands Freeport company;
  - Embedding good governance into decision making following the Nolan principles and the National Local Growth Assurance Framework;
  - Retaining necessary information and ensuring all required information on expenditure, activities and outcomes are properly monitored, recorded and reported;
  - Operating as a single point of contact for Ministry of Housing, Communities and Local Government (MHCLG) on all Lead Authority/Accountable Body matters in relation to the Freeport.
- 4.4. MHCLG stated in a letter dated 28 March 2025 that the Accountable Body status should transfer from LCC to EMCCA no later than two years after EMCCA's creation (i.e. by 28 February 2026). An agreement with MHCLG has established that the change will take effect at midnight on 31 March 2026, streamlining implementation by aligning with accounting years and thereby minimising the impact on officer time and public resources required for group account preparation. Although the 31 March 2026 has passed, all parties are

working towards the change positively and the effective date will be confirmed once approved by all appropriate parties.

- 4.5. EMCCA has appointed a project manager to manage the Accountable Body transfer process and joint working has taken place with LCC and EMF to put in place the necessary transfer arrangements. A delivery plan is in place for the transfer of Accountable Body functions to EMCCA to be completed within the required timescales.

### **Governance Implications**

- 4.6. Government was clear that, with the establishment of EMCCA as a Mayoral Strategic Authority, it expected to see the Accountable Body role transfer to EMCCA in order to ensure stronger regional alignment. This report, therefore, seeks the necessary authority for the Chief Executive to vote in favour of the EMCCA to become the Accountable Body for EMF and sets out the issues and implications of such a transfer.
- 4.7. There are three main agreements pertaining to Accountable Body status that will require transfer from LCC to EMCCA. These are:
- Accountable Body Agreement
  - Memorandum of Understanding with MHCLG
  - Retained Business Rates Agreement with LCC and the three relevant billing authorities.
- 4.8. In addition, LCC is a signatory to grant agreements as Accountable Body. All agreements can be transferred (novated) from LCC to EMCCA.
- 4.9. The Accountable Body Agreement sets out key aspects such as the role and responsibilities of the Accountable Body, the time commitment required, procedures for reimbursement by EMF, and protocols for data sharing. However, the novation to EMCCA assumes that no modifications to the agreement will be sought.
- 4.10. EMF's governance includes several checks and balances, notably the Accountable Body's veto over the business plan and major financial decisions. While the Accountable Body cannot veto investments on policy grounds, it can exercise influence if concerns about value for money arise. This can include advising EMF and the Board, raising issues with MHCLG, or withholding signature and release of funds in line with public money/value for money principles. Such actions cannot be taken purely on the basis of policy disagreements or if the investment is outside the county.
- 4.11. The Members' Agreement includes a table of reserved matters, which require approval from different groups: Founding Members, the Accountable Body (who hold veto power over certain decisions regardless of their Membership status), the EMF Board, Public Sector Directors, and Public Sector Members.

- 4.12. Most Board decisions require a majority from both public and private sector director blocs. Significant changes, such as alterations to governance, require unanimous approval from all Member organisations. Public funding decisions are initially considered by a Section 151 sub-committee, followed by a public sector director sub-committee, before being presented to the wider Board (private sector members) for strategic input. This process ensures a clear distinction between Board-wide decisions and those concerning the management of public funds.
- 4.13. EMF Members have only recently finalised the governance structure, and it is crucial that transferring the Accountable Body does not disrupt Freeport operations or its partnerships. There is therefore a strong preference to avoid major governance changes. With local government reorganisation set for 2028, which will significantly change the landscape and number of authorities in the area. Therefore, any adjustments now are very likely to need further revision within two years, lending weight to the argument to keep alterations to a minimum.
- 4.14. A decision is needed regarding EMCCA's Membership status before progressing with the transfer of the Accountable Body Agreement. There are two types of Membership available: Associate Membership and Founding Membership. Importantly, only Founding Members have the right to appoint a Director to the EMF Board. Admission of EMCCA as either an Associate or Founding Member will ultimately be determined by the EMF Members, through either a public/private majority vote or a unanimous decision, as appropriate.
- 4.15. EMCCA's preferred approach is for EMCCA to assume Accountable Body status and simultaneously seek Founding Membership within EMF. This path is preferred as it allows for the necessary transfer of responsibilities while limiting changes to the governance documents to administrative matters, thus preserving the integrity and stability of the existing arrangements.
- 4.16. Achieving Founding Member status would grant EMCCA the right to appoint a director to the EMF Board, ensuring a voice within the organisation's strategic direction. The addition of EMCCA as a member, however, potentially creates an imbalance between public and private members. If this is perceived to be an issue, then there is also an option to add a further private sector member to maintain the current balance.
- 4.17. An imbalance is also potentially created between EMCCA authorities and those outside the combined authority. This imbalance exists currently and has not been an issue to date. To address potential imbalance for the Leicestershire authorities, the EMF Members' Agreement has been amended with regard to the quoracy requirements for the Public Sector Directors Group. The amendment is to require attendance by either LCC or North West Leicestershire District Council to be a quorate meeting. If neither council is in attendance, it is proposed that the meeting be able to continue on an 'in-principle' basis with notification to be sent to the Leicestershire authorities within a prescribed period enabling them to support or object to an in-principle

decision following the meeting. If the council responds within the prescribed period, their vote will be considered with the others in accordance with the usual voting rules as set out in the agreement. If no response is received, the in-principle decision stands ensuring decision cannot be frustrated by non-attendance.

- 4.18. Assurances have been provided by EMCCA that the transfer of Accountable Body status from the County Council to EMCCA will not adversely affect Leicestershire authorities. A copy of the letter received from EMCCA formally giving this assurance is attached at Appendix A to this report along with an advice note at Appendix B. The advice note deals with some of the legal “guardrails” that exist to govern the role of the Accountable Body. For the most part these already exist, but there are further steps and assurances that the Mayor has set out.

## **5. Alternative options considered and reasons for rejection**

The Council could choose not to support the transfer of accountable body status and establishment of EMCCA as a founding partner. However, the transfer of accountable body status is required by MHCLG and the associated establishment of EMCCA as a founding member allows for the necessary transfer of responsibilities while limiting changes to the governance documents to administrative matters, thus preserving the integrity and stability of the existing arrangements.

## **6. Risks and Uncertainties**

- 6.1. Once EMCCA becomes the Accountable Body, the Council’s influence may become more indirect, especially as EMCCA will hold key consent rights and reserved matters. However, EMF cannot proceed without the Accountable Body’s explicit consent. These are not discretionary powers but structural guardrails.
- 6.2. The Council could receive a smaller share of retained business rates investment if regional priorities shift or if EMCCA’s strategic oversight favours other areas. However, there are constraints on Use of Retained Business Rates. Although EMCCA controls the release of funds, it cannot direct how business rates are allocated, but it can delay or withhold release if assurance requirements are not met. EMF cannot access retained business rates, without passing through the Accountable Body’s financial, assurance and reporting processes.

## **7. Implications**

### **7.1. Financial Implications**

There are no direct financial implications from this report

## 7.2. Legal Implications

There are no direct legal implications for Rushcliffe arising from this report. Legal and governance requirements for EMF are set out in this report.

## 7.3. Equalities Implications

There are no equalities implications related to this report.

## 7.4. Section 17 of the Crime and Disorder Act 1998 Implications

There are no Section 17 implications related to this report.

## 7.5. Biodiversity Net Gain Implications

There are no Biodiversity Net Gain implications related to this report.

## 7.6. Local Government Reorganisation Implications

There are no Local Government Reorganisation implications related to this report.

## 8. Link to Corporate Priorities

The Environment	The transformation of Ratcliffe on Soar power station from the production of coal-fired energy to other more sustainable forms of energy including Research and Development into clean energy will help the region's plans to become carbon neutral and then net zero
Quality of Life	The Freeport has the potential to benefit local residents' quality of life through the provision of new jobs and green infrastructure
Efficient Services	The Council will receive a portion of business rates from the developed Ratcliffe on Soar site, which will financially contribute the efficient running of Council services
Sustainable Growth	The development of Ratcliffe on Soar power station through the Freeport could attract a significant number of new businesses and jobs

## 9. Recommendation

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<b>For more information contact:</b>	Adam Hill Chief Executive <a href="mailto:ahill@rushcliffe.gov.uk">ahill@rushcliffe.gov.uk</a> 0115 9148577
<b>Background papers available for Inspection:</b>	None
<b>List of appendices:</b>	Appendix A – EMCCA Letter Appendix B – Advice note