

REPORT TO TEESSIDE FREEPORT GOVERNANCE BOARD**29th SEPTEMBER 2022****REPORT OF THE DIRECTOR OF FREEPORT****TEESSIDE FREEPORT – TAX SITE MANAGEMENT POLICY****SUMMARY**

At the meeting in May 2022, the Board reviewed and accepted the Gateway Review process subject to final review by HMG.

HMG have accepted the substance of the document but required some additional clarification to be added, amendments to the format of the document and an adoption of a new name to standardise this with other Freeports.

The revised documents are provided for re-approval.

RECOMMENDATIONS

It is recommended that the Board note the content of the report and approve the Tax Site Management Policy.

DETAIL

1. At the meeting on 19th May, the Board agreed to the Gateway Review process subject to HMG review. The Gateway review reflected the bidding process in which Teesside Freeport was required to specify the market sectors which it would target:
 - a. Offshore Energy
 - b. Chemicals & Materials Processing
 - c. Bio Life sciences
2. HMG have broadly accepted the Gateway Review Process but have asked for some clarifications to understand how the process will work in practice. This has resulted in the process being expanded into a formal policy, which also includes a flow diagram of the decision process.
3. The differences to point out:
 - a. The name has been amended to Tax Site Management Policy
 - b. A formal 'policy' structure has been applied.
 - c. The Decision-Making Process flow chart has been added on page 6 which summarises what we are doing, it isn't a new process
 - d. There is a new section on Reporting on page 9
4. The new document is provided as Appendix 11a for board approval.

FINANCIAL IMPLICATIONS

5. The revenue budget for 22/23 is funded by HMG and matched by TVCA.
6. Both the delay in the approval of the FBC and inflation running at 9.1% have the potential to increase costs in the 22/23 period however management of the budget, leveraged use of the HMG consultancy support and a continued use of the matrix organisation have ensured current costs have remained within budget.

LEGAL IMPLICATIONS

7. HMG have issued the draft document “Set-up Phase and Delivery Model Guidance: English Freeports”
8. Additional on Freeport legislation was published within “UK Government policy on freeports - BRIEFING PAPER Number 8823, 20 April 2021”.
9. The Government’s freeports policy will comply with various requirements on subsidy control:
 - d. The UK’s domestic subsidy control regime.
 - e. The UK’s subsidy control obligations at the WTO.
 - f. State aid obligations in the Northern Ireland Protocol; and
 - g. Subsidy control provisions negotiated in the UK’s free trade
 - h. Agreements including the Trade and Cooperation Agreement (TCA) with the EU.
10. Government do not envisage a Freeports Bill as there are a number of areas of legislation already in place. For example, tax legislation will be passed through the Finance Bill and some of the legislation, around customs and excise, is already in place.

RISK ASSESSMENT

11. The approach to Risk has been provided under agenda item 9.

CONSULTATION & COMMUNICATION

12. Stakeholder engagement meetings have continued during the month both on an individual and reference group basis.
13. The workstream meetings have continued and are reported under agenda items 5, 6 and 7.
14. The DLUHC Freeport group meeting of all eight Freeports has commenced and is held every 2 weeks. A brief update on each meeting is in the process being circulated to the Board on a fortnightly basis.
15. A monthly meeting between the Freeport team and HMRC has commenced to support the development of guidance and implementation.

16. Meetings have been held with NCA, UKBF, local policing and the Regional Resilience Forum to support risk assessment in the context of Freeports.

EQUALITY & DIVERSITY

17. Our aim is to ensure that the Teesside Freeport Governing Board and its workstreams will provide equal opportunity for everyone

LOCAL ENTERPRISE PARTNERSHIP

18. The LEP have representation within the Freeport Governance Structure.

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