

AGENDA ITEM 4**REPORT TO TEESSIDE FREEPORT GOVERNANCE BOARD****17th NOVEMBER 2022****REPORT OF THE DIRECTOR OF FREEPORT****FREEPORT DIRECTOR REPORT****SUMMARY**

The Full Business Case (FBC) has been passed by the Treasury Approval Process and is awaiting Ministerial approval.

DLUHC have issued a final MOU which would be entered into by TVCA and RCBC. The document will be reviewed by external counsel and provided to Board.

Teesside Freeport are supporting a number of marketing events in November in coordination with both DIT and target markets.

The International Chamber of Commerce (ICC) have commenced recruitment for the Centre for Digital Trade & Innovation within the region and appointed their first representative.

RECOMMENDATIONS

It is recommended that the Board note the content of the report.

DETAIL**Business Case**

1. The finalised FBC has been with HMG since 29th July. The DLUHC Freeport Programme Board reviewed and approved the FBC and clarifications on 14th September.
2. The FBC was then presented to the Treasury Advisory Panel (TAP) which on 29th September and passed for Ministerial approval.
3. No date for the Ministerial approval has been confirmed at the time of writing following a restructuring process in Westminster.

Freeport MOU

4. DLUHC have provided a final MOU for review and sign off by TVCA and RCBC. The document is being reviewed internally to confirm alignment with FBC and will be issued for external legal review as with the previous drafts.

5. As advised under previous review, the MOU is not legally binding and although the obligations are quite extensive but the collection in their opinion would be justifiable as data reporting will be key to ensuring accountability for public money and tracking progress against the policy objectives.

Marketing

6. The Freeport continues to market Teesside Freeport and provide thought leadership on Customs facilitation and progress leads.
7. Work has been completed to enable the CSO operator, Casper Shipping to apply for the Freeport Special Procedure Authorisation.
8. This is quite significant it has enabled Teesside Freeport to achieve another first for the region. The first freeport customs customer Blackwood Biofuels. A press release is provided under **Appendix 1**.
9. The Freeport will be represented at a number of events in November:
 - a. Green Expo Trade and Investment Summit – DIT Conference
 - i. 31st October – 1st November
 - b. OWNE – NOF Conference
 - i. 9th November – 10th November
 - c. SMART City Expo – Innovate UK
 - i. 16th November
 - d. AVIVA Conference
 - i. 17th November
 - e. Invest in Tees Valley
 - i. 23rd November
 - f. DIT Stakeholder engagement
 - i. 24th November – 25th November

Innovation

10. Centre for Digital Trade and Innovation has commenced recruitment for several positions based at Teesside University to support the main research Hub of the centre. In addition, the Institute of Export has agreed to support the new centre and is looking to recruit up to 3 additional roles who will be co-located at the university.
11. Thobie Nyirongo has been appointed Project Manager, based at Teesside University and has supported the Green Expo event.

Risk

12. Teesside Freeport currently has a medium risk level which is considered tolerable. The average residual risk score is 6.4 with the average threshold being 9. This is an increase in the previous reporting period and reflects the addition of risks associated with security of power supply and cost of utilities as discussed at the last Board meeting.

FINANCIAL IMPLICATIONS

13. The revenue budget for 22/23 is funded by HMG and matched by TVCA.
14. Both the delay in the approval of the FBC and inflation continuing to run to double digit figures 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

15. HMG have issued the draft document “Set-up Phase and Delivery Model Guidance: English Freeports”
16. Additional on Freeport legislation was published within “UK Government policy on freeports - BRIEFING PAPER Number 8823, 20 April 2021”.
17. The Government’s freeports policy will comply with various requirements on subsidy control:
 - a. The UK’s domestic subsidy control regime.
 - b. The UK’s subsidy control obligations at the WTO.
 - c. State aid obligations in the Northern Ireland Protocol; and
 - d. Subsidy control provisions negotiated in the UK’s free trade
 - e. Agreements including the Trade and Cooperation Agreement (TCA) with the EU.
18. 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

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

CONSULTATION & COMMUNICATION

20. Stakeholder engagement meetings have continued during the month both on an individual and reference group basis.
21. The workstream meetings have commenced and are reported under agenda items 5, 6 and 7.
22. 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.
23. A monthly meeting between the Freeport team and HMRC has commenced to support the development of guidance and implementation.

24. Meetings have been held with NCA, UKBF, local policing and the Regional Resilience Forum to commence security and illicit activity threat assessment in the context of Freeports.

EQUALITY & DIVERSITY

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

LOCAL ENTERPRISE PARTNERSHIP

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

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