

AGENDA ITEM 4**REPORT TO TEESSIDE FREEPORT GOVERNANCE BOARD****29th SEPTEMBER 2022****REPORT OF THE DIRECTOR OF FREEPORT****FREEPORT DIRECTOR REPORT****SUMMARY**

The Full Business Case (FBC) has gone through 2 further review and feedback processes in July and August, resulting in the FBC being passed by the DLUHC Freeport Programme Board on 14th September.

DLUHC have issued a revised MOU which would be entered into by TVCA and RCBC and which places requirements on the Freeport Board which is provided for reference. DLUHC have advised that a further revision will be provided in October.

Teesside Freeport have worked with stakeholders to develop a Freeport toolkit and a shared online resource facility which can be accessed through the Teesside Freeport website.

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

RECOMMENDATIONS

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

DETAIL**Business Case**

1. The Full Business Case (FBC) was submitted on 31st January following circulation and feedback from the Board. The FBC has been reviewed by multiple HMG departments and several review questions and/or clarifications were raised as anticipated in March, which the Freeport team responded to by the deadline of 18th April.
2. DLUHC have reviewed the 18th April submission and whilst they have closed the majority of actions, they issued a further list of clarifications on 4th July. The Freeport team provided a response to these before the deadline of 29th July. These responses have been reviewed, and the DLUHC team have indicated they are satisfied all the outstanding issues have been addressed.
3. The Freeport team are now incorporating these updates into a reviewed version of the Full Business Case which will be shared with the Board on completion.

4. The DLUHC Freeport Programme Board reviewed and approved the FBC and clarifications on 14th September. The next stage is the Treasury Advisory Panel (TAP) which was originally scheduled for 19th September but due to national events this has been postponed.
5. Following approval by TAP, the Freeport team will incorporate the updates into a reviewed version of the Full Business Case which will be shared with the Board on completion.

Freeport MOU

6. A revised MOU has been issued by DLUHC which considered the collective feedback from all Freeports associated to version 1. The version 2 document provided as Appendix 1, was initially issued as a final document however following Freeport consultation, DLUHC have advised that a final version 3 will be issued in October.
7. The MOU and its Appendices are provided as appendix 1, 2 & 3 to this report.
8. TVCA legal team have reviewed the document and the appendices supplied and have not raised any major concerns.
9. As in the initial draft, the MoU sets out the practical approach to be taken to work together to deliver the policy outcomes, and the detailed requirements for data collection and reporting.
10. As an MoU, it is not legally binding. The legal reviewer notes “the obligations are quite extensive but the collection in my opinion would be justifiable as data reporting will be key to ensuring accountability for public money and tracking progress against the policy objectives”.
11. They point out to Schedule 5 regarding the requirement to provide Qualitative data, in addition to Quantitative data: “Clause 2.10 -/ 2.11 seems a bit onerous in my opinion. If possible, I would try and push to have an individual named here to deal with this as its quite vague and could apply to anyone.
12. “In addition, there does not seem to be any mention about how data is retained (i.e. where, how long), what safeguards are going to be put in place to keep the information protected (both hard copy and electronic info), the actual lawful basis of the collection, information on disclosure of information (i.e. to third parties), no acknowledgement of FOI”.
13. The feedback has been provided to DLUHC and is being considered prior to the re-issue of the MOU in October.

Marketing

14. Following the stakeholder engagement meetings in August, a Teesside Freeport toolkit has been developed and the website has been expanded to provide a collaborative area to coordinate marketing activity. This will go live at the end of the month.
15. A follow up meeting was held with stakeholders to run through both the tool kit and collaboration area however due to the low turnout each stakeholder will be contacted directly.

Innovation

16. 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.

Risk

17. Teesside Freeport currently has a medium risk level which is considered tolerable. The average residual risk score is 5.1 with the average threshold being 10. In order to better manage risk, the Security and Illicit Threats have been extrapolated and will be monitored under a separate register.

FINANCIAL IMPLICATIONS

18. The revenue budget for 22/23 is funded by HMG and matched by TVCA.
19. 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

20. HMG have issued the draft document “Set-up Phase and Delivery Model Guidance: English Freeports”
21. Additional on Freeport legislation was published within “UK Government policy on freeports - BRIEFING PAPER Number 8823, 20 April 2021”.
22. 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.

23. 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

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

CONSULTATION & COMMUNICATION

25. Stakeholder engagement meetings have continued during the month both on an individual and reference group basis.
26. The workstream meetings have commenced and are reported under agenda items 5, 6 and 7.
27. 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.
28. A monthly meeting between the Freeport team and HMRC has commenced to support the development of guidance and implementation.
29. 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

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

LOCAL ENTERPRISE PARTNERSHIP

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

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