

AGENDA ITEM 4**REPORT TO TEESSIDE FREEPORT GOVERNANCE BOARD****24th MARCH 2023****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**National Freeport Update**

1. At a national level 6 of the 8 English Freeports have been approved with only Humber and East Midlands to be finalised. Two Green Freeports in Scotland have been successful in their tendering at Cromarty Firth and Firth of Forth.
2. The 8 English Freeports collaborated and have written to the Prime Minister collectively to lobby for the extension of the Tax incentive window. At the inception of Freeports, it was envisioned that the incentives would last for five years, however the end date of September 2026 was fixed and the time taken for approval has slipped, reducing the window for incentives. A copy of the letter is provided as **appendix 1**.

Business Case & MOU

3. The finalised FBC has been approved and the Freeport MOU has been signed by DLUHC, TVCA & RCBC.

4. These documents reserve £25m of seed funding for Teesside Freeport which will be provided over the next 3 years and will be allocated in line with the FBC.
5. At a national level 6 of the 8 English Freeports have been approved with only Humber and East Midlands to be finalised. Two Green Freeports in Scotland have been successful in their tendering at Cromarty Firth and Firth of Forth.

Marketing

6. Marketing statistics are provided on a quarterly basis and provided as **appendix 2** to this report.
7. From the report, there has been a decrease in traffic on the same quarter last year which had been expected, as Teesside Freeport was launched in Q3 2021 with a significant coordinated marketing push across multiple channels, gaining global media attention.
8. In 2023, the Freeport completed a series of Google Advertising to help with search listings and traffic to the site in Q2 2022. As a result, traffic to the website and to social channels peaked in this period and we have seen a softening in Q3 2022.
9. On a positive note, there has been a marked increase of activity and engagement across social media channels with a significant increase in the period year on year despite a reduction in the number of posts.
10. The key activities of focus:
 - a. Launch of Centre for Digital Trade & Innovation's Teesside University campus – 8th March
 - b. Floating Offshore Wind Roundtable – 14 March
 - c. MIPM Freeport Launch – 16 March
 - d. Planning for key events, such as UKREiiF, Innovation Zero, CHEMUK
 - e. Manage, support and facilitate Inward Investment visits (BP Columbia / Lloyds Bank / SJP Wealth Management)
 - f. ICC Digital Conference – 3 – 5 April
 - g. Coast Link conference – 3 – 4 May
 - h. UK Ports Conference 24 May
 - i. Increase Freeport marketing activity, developing a new film and advertising opportunities as well as opportunities to exhibit and speak.

Innovation

11. Development of a 5G Digital Trade Testbed is being considered to deliver the benefits of frictionless trade and digital interoperability. The test bed will be technology agnostic, offering all systems within the sector to be trialled and evaluated prior to deployment and will lead to proven methodologies to move physical goods both nationally and internationally.
12. Several potential partners have expressed an interest in the Testbed from both the public and private sectors. A project evaluation is in progress.

Risk

13. Teesside Freeport currently has a medium risk profile which is considered tolerable. The average residual risk score is 7.2 with the average threshold being 10. Whilst risk continues to be managed the main risks outside of tolerance reflect PCZ operation, security of supply, utility costs and government guidance.

FINANCIAL IMPLICATIONS

14. The revenue budget for 22/23 is funded by HMG and matched by TVCA.
15. 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

16. HMG have issued the draft document “Set-up Phase and Delivery Model Guidance: English Freeports”
17. Additional on Freeport legislation was published within “UK Government policy on freeports - BRIEFING PAPER Number 8823, 20 April 2021”.
18. 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.
19. 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

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

CONSULTATION & COMMUNICATION

21. Stakeholder engagement meetings have continued during the month both on an individual and reference group basis.
22. The workstream meetings have commenced and are reported under agenda items 5, 6 and 7.

23. 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.
24. A monthly meeting between the Freeport team and HMRC has commenced to support the development of guidance and implementation.
25. 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

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

LOCAL ENTERPRISE PARTNERSHIP

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

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