

AGENDA ITEM 4**REPORT TO THE TEESSIDE FREEPORT GOVERNANCE BOARD****18th November 2021****REPORT OF DIRECTOR OF FREEPORT****FREEPORT DIRECTOR UPDATE****SUMMARY**

At the Autumn Budget on 27^h October, Teesside Freeport was confirmed.

The following day, Teesside Freeport was launched, and the website went live as agreed by the Board in July.

The budget confirmation resulted in the Statutory Instrument for the Tax Land being laid on 29^h October and following a 3-week review period, these will pass into law on 19th November.

The Primary Custom Zone was delivered by the end of the month and has been audited by HMRC / UKBF on 9th November.

DLUHC have amended the timeline for the submission of the FBC to 31st January and delayed the publication of final guidance for submission.

The primary concern for the development of both Teesside and all other Freeports continues to relate to the customs arrangements, DLUHC have suggested that the final FBC guidance will address these concerns.

RECOMMENDATIONS

It is recommended that the Board notes the content of this update report.

The Board are asked to review the frequency of the Board meetings following Freeport designation. It is recommended that the Board meetings are held every 2 months until submission of FBC.

DETAIL

1. At the Autumn Budget on 27th October, Teesside Freeport was confirmed. The Budget document included the following detail:
 - a. "At Spring Budget 2021, the government announced 8 Freeports in 8 English regions, which will encourage businesses from around the world to create new hubs of global trade that will transform economic prospects and job opportunities for local communities. The first tax sites will be in Humber, Teesside and Thames, and those Freeports will be able to begin initial operations from November."

2. The budget confirmation resulted in the Statutory Instrument for the Tax Land being laid on 29th October and following a 3-week review period, these will pass into law on 19th November. The maps have been published at [Maps of UK Freeports - GOV.UK \(www.gov.uk\)](https://www.gov.uk/maps-of-uk-freeports)
3. At the Board meeting in July, it was agreed that the launch of the Freeport would follow the confirmation by HMG, consequently Teesside Freeport was launched on 28^h October. The Freeport team would like to recognise the support of all stakeholders to achieve this milestone, with special thanks to Wilton Universal for use of the use their facilities and Jacob Young for his closing remarks which can be viewed at [WATCH: My speech... - Jacob Young MP - Redcar & Cleveland - Bing video](#)
4. The Freeport website can be found at [Teesside Freeport - Britain's best connected trade region](#). In order to build momentum with the Brand, a number of marketing activities have commenced:
 - a. Pre-launch logo tour of Tees Valley region
 - b. Conference presentations – IBMATA, NOF, OWNE
 - c. DiT Sector High Potential Opportunities
 - d. Roundtables (2022) – Investment, Legal, Agency
 - e. Social Media campaign
 - f. I & I workstream to maximise collaborative marketing opportunities with stakeholders
 - g. Stakeholder engagements – Town Deal Board, NEPIC, etc
5. The PCZ was completed at the end of October and has been inspected by HMRC/UKBF on 9th November. In addition to the physical audit, a review of the security protocols and review audit of ██████████ was also conducted. Several images of the PCZ are provided under **appendix 1**.
6. MHCLG have taken the decision to delay the submission of the FBC until 31st of January 2022. The decision to delay the FBC has several implications:
 - a. The initial designation of the Freeport will not be delayed as discussed above
 - b. Seed funding and business rates relief mechanisms will only be confirmed following approval of the FBC
 - c. FBC guidance has been delayed, which prevents further development of the document.
7. The main risk in the delivery of custom zones relates to the lack of clarity over if a site will be obligated to invest and any associated timescales. We believe that the delivery of each custom zone should rest with the owner and only be implemented when the commercial imperative is sufficient to justify the investment and we continue to pursue this issue with HMRC / DLUHC.

8. DLUHC have suggested that the issue regarding custom site obligations will be addressed in the FBC guidance, but the issue of this document has been delayed.
9. It is proposed that the frequency of the Board meetings is reduced following Freeport designation. As the FBC submission has been delayed until 31st January, it is proposed to hold the Board meetings every 2 months, which would result in the next meeting being in January prior to the submission of the FBC.

FINANCIAL IMPLICATIONS

10. The initial requirements for resources to ensure that the full business case is produced to timetable and to the required standard for submission to Government is forecast to be £661k.
11. This is to be funded through £300k of MHCLG revenue funding with the balance provided by TVCA.
12. The costs incurred to date are in line with the forecast.

LEGAL IMPLICATIONS

13. HMG have issued the draft document "Setup Phase and Delivery Model Guidance: English Freeports"
14. Additional on Freeport legislation was published within "UK Government policy on freeports - BRIEFING PAPER Number 8823, 20 April 2021".
15. 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
 - i. Agreements including the Trade and Cooperation Agreement (TCA) with the EU
16. 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. Further guidance is expected to be released by HMRC and MHCLG this year.

RISK ASSESSMENT

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

CONSULTATION & COMMUNICATION

18. Stakeholder engagement meetings have continued during the month both on an individual and reference group basis.

19. The workstream meetings have commenced and are reported under agenda items 5, 6 and 7.
20. The MHCLG 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.
21. A monthly meeting between the Freeport team and HMRC has commenced to support the development of guidance and implementation.
22. 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

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

LOCAL ENTERPRISE PARTNERSHIP

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

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Appendix 1 – Primary Custom Zone Development



