

AGENDA ITEM 4**REPORT TO TEESSIDE FREEPORT GOVERNANCE BOARD****8th JUNE 2023****REPORT OF THE FREEPORT SRO****FREEPORT REPORT****SUMMARY**

Two new Freeports in Wales and in addition eight Investment Zones have been announced. The Investment Zones are expected to compliment the Freeports.

Following the local elections, there will be a new leader of RCBC who will be invited to join the Freeport Board and chair the Strategy & Accountability workstream.

Media attention has been focussed on the region, with the Freeport being named in ongoing discussions regarding the ownership of Teesworks. The TVCA Mayor has called for the NAO to conduct a full review to resolve the ongoing hyperbole.

RECOMMENDATIONS

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

DETAIL**Freeport Update**

1. The UK Freeport movement continues to gather momentum with the announcement of two Welsh Freeports at Milford Haven & Port Talbot and Anglesey, bringing together 12 locations to support regeneration, trade and innovation.
2. The proposed land mass with tax incentives of over 7,000 hectares enables the UK to offer world class scale to international businesses to support the growth of regional clusters of excellence. Further information on the Welsh Freeports can be found at <https://www.celticfreeport.wales/> and <https://angleseyfreeport.co.uk/>.
3. In the Budget during March, the Chancellor announced that TVCA would be allowed to apply for Investment Zones (IZ) through the combined authority. Whilst the full IZ prospectus can be viewed at [Investment Zone Policy Prospectus.pdf](#) (publishing.service.gov.uk), the following items are of interest to Freeports:

4. In general terms IZs should further complement the strengths of the region and be centred on five priority sectors to focus on – Digital and Tech; Green Industries; Life Sciences; Advanced Manufacturing; and Creative Industries.
5. “They will require a holistic approach and must be rooted in partnership between central government, local government, research institutions and the private sector, in order to realise the potential of our cities and regions”.
6. The interaction of Investment Zones and Freeports should be complimentary, and the relationship is covered between section 5.18 and 5.24 of the report. This reinforces the complimentary relationship between Freeports / IZs, Governance discussions, potential harmonisation of the tax reliefs and brand

Governance & People

7. Following the results of the Local Authority council elections, Mary Lanigan will step down from the Freeport Board and as Chair of the Strategy and Accountability for Public Finance workstream. In accordance with the TOR, these positions will fall to the new Leader of RCBC however it has not been able to confirm acceptance at the time of writing.
8. Following the results of the Middlesbrough Mayoral election, Andy Preston will step down from the Innovation & Skills workstream. The position will be offered to Mayor Cooke, in accordance with the TOR.
9. The current Freeport Director is stepping down following the completion of their engagement to establish the first Freeport in the UK and conclude the MOU process with HMG. A transitional plan has been developed to manage Teesside Freeport and is provided as **Appendix 1**.
10. We would like to thank Mary, Andy and Nolan for all of their support and hard work in delivering the First and Largest Freeport in the UK.

Marketing

11. Marketing statistics are provided on a quarterly basis and provided as **Appendix 2** to this report. The statistics reflect the period January – March (Q4).
12. From the report, there is an increase in website traffic for the Freeport which coincided with several local and national announcements surrounding Freeports. These included the announcement of 2 new Scottish Green Freeports and several of the English Freeports being approved.
13. The decline in traffic across the Invest platforms was expected as TVCA worked through a rebranding process. This has culminated in the Invest brand being replaced with a Tees Business brand. The rebranding should see a marked improvement in traffic over the next quarter.
14. There has been a marked increase with activity and engagement across social media channels compared to the previous quarter.

15. During the quarter there had been 15 press releases, this was up from 9 in the previous quarter. These had a 93.6% neutral / positive impression, which was up from 92.7% in the previous quarter.
16. Whilst these statistics have been positive, recent media coverage in some quarters has not been as favourable, with negative commentary regarding the transactions of STDC and Teesworks being associated to the Freeport. This is recognised in the risk register and whilst the Freeport has no involvement with the commercial negotiations of any of its partners, we welcome the call from the Chair to hold an independent review of STDC and Teesworks. A copy of the letter issued to NAO is included as **Appendix 3**.
17. The key activities of focus during Q1 2023 (April – June 2023):
 - a. Ongoing Tees Valley rebrand, including rebrand of Invest materials and new website.
 - b. Manage, support and facilitate Inward Investment visits (HMG, EU and Singapore)
 - c. C4DTI Conference & Awards Digital Trade Conference
 - d. Connected North Conference
 - e. Ports & Freeports Development Conference
 - f. Coastlink Conference
 - g. Chem UK 2023
 - h. UKREiiF - The UK's Real Estate Investment & Infrastructure Forum
 - i. UK Ports Conference
 - j. Innovation Net Zero Conference.

Innovation

18. C4DTI continues to develop and during the period was:
 - a. Formally opening 8th March at Teesside University with a well-attended event.
 - b. Held the Digital Trade Conference 3-5 April with over 900 log-ins/attendances from 40 countries
 - c. Deliver the inaugural C4DTI Awards Event
 - d. Global impact- SG pilots continue, Thailand workshops and report, support for G2B , Commonwealth event
 - e. Domestic policy impact – Electronic Trade Documents Bill, Ecosystem of Trust pilots
 - f. Supported the Freeports SRO meeting and further expansion of trials throughout the network. 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.
19. The drive to Net Zero in Teesside Freeport is underpinned by the BEIS Cluster Sequencing Competition. BEIS has announced its choice of Track 1, Phase 2 projects, including eight from the Tees Valley.

20. Three projects in the Tees Valley were selected NZT Power, H2 Teesside, and BOC. In addition to this Kellas' H2 Northeast project received support from the Green Hydrogen Fund, and two further projects have been shortlisted for a decision on this support later in the year. Several potential partners have expressed an interest in the Testbed from both the public and private sectors. A project evaluation is in progress.

Risk

21. 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

22. The revenue budget for 22/23 is funded by HMG and matched by TVCA and is reported to Strategy & Accountability workstream.

LEGAL IMPLICATIONS

23. HMG have issued the draft document "Set-up Phase and Delivery Model Guidance: English Freeports"
24. Additional on Freeport legislation was published within "UK Government policy on freeports - BRIEFING PAPER Number 8823, 20 April 2021".
25. 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.
26. 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

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

CONSULTATION & COMMUNICATION

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

30. 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.
31. A monthly meeting between the Freeport team and HMRC has commenced to support the development of guidance and implementation.
32. 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

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

LOCAL ENTERPRISE PARTNERSHIP

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

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