

AGENDA ITEM 4**REPORT TO TEESSIDE FREEPORT GOVERNANCE BOARD****28th SEPTEMBER 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 complement the Freeports.

The new leader of RCBC, Cllr Alec Brown, has been appointed to the Freeport Board and will chair the Strategy & Accountability workstream.

Media attention has been focused on the region, with the Freeport being named in ongoing discussions regarding the ownership of Teesworks. The independent review into the issue is ongoing with the issue of a concluding report expected this autumn.

RECOMMENDATIONS

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

DETAIL**Freeport Update**

1. To complement Freeports, Investment Zones have been announced. Tees Valley is one of the 8 Mayoral Combined Authorities to be selected and is working with DLUH to co-develop a proposal.
2. To ensure complementarity with Freeports, TVCA has selected Digital and Tech as the priority sector for the IZ from the options available of Digital and Tech; Green Industries; Life Sciences; Advanced Manufacturing; and Creative Industries. Locations focussed in the town centres of Hartlepool and Middlesbrough and Teesside Airport are proposed.
3. The co-development process also involves Teesside University to support digital innovation of businesses across all sectors, as well as the growth of the digital sector itself by further developing the supportive business environment to enable growth.
4. The objectives and offer of Investment Zones and Freeports are different, the Freeport offers tax and customs incentives to inward investors in specified

sectors; the Investment Zone will attract £80m government funding to create the conditions for digital and tech sector and cluster growth.

Governance & People

5. The new leader of RCBC, Cllr Alec Brown, has been appointed to the Freeport Board and will chair the Strategy & Accountability workstream.
6. Following the departure of the Freeport Director, the proposal to divide the operational management and investment development aspects into two roles has been progressed.
7. A successful external recruitment process for a Freeport Manager has taken place, and is now at pre-employment stage, pending receipt of references, the start date will be confirmed.
8. The recruitment process for an Inward Investment Manager is ongoing with interviews currently being held.

Marketing

9. Marketing statistics are provided on a quarterly basis and provided as **Appendix 1 & 2** to this report. Appendix 1 is an infographic summarising the data, appendix 2 is a glossary of marketing terminology used. The statistics reflect the period January – March 2023.
10. The report shows an increase in website traffic for the Freeport which is largely coming from organic Google searches and likely to be as a result of the increased media attention around the inquiry into Teesworks. We would expect levels to drop back to normal following the completion of the inquiry.
11. 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. Data on traffic is not available due to the migration over to a new site.
12. As a result of the inquiry, marketing activity has been reduced. The Northern Echo Levelling Up campaign has been temporary paused while the investigation is ongoing.
13. During the quarter there had been 8 press releases, which is down from the previous quarter but is as a result of the ongoing inquiry.
14. Other marketing activity during the first Q1 has included attendance at UKREiiF, Innovation and CHEMUK, as well as sponsorship of the C4DTI awards and Northern Powerhouse Export Awards.
15. The key activities of focus during Q2 2024 (July – September 2023):

- a. Manage, support and facilitate Inward Investment visits, including Kitakyusu Visit and Chinese Climate Change Committee, CECA, CNOOC, and Ministerial visits
- b. Energy Transition Projects event
- c. Manage ongoing media enquiries

Innovation

16. The business case for the Freeport Seed Funded Digital Test Bed has been developed according to HM Treasury Green Book Standards and appraised according to the TVCA Assurance Framework. The outcome of the appraisal will be confirmed on confirmation of detailed costs and will be brought forward to the next board meeting.
17. Innovative solutions to access and egress issues which are limiting port operator investment to create further Freeport Customs sites, are in development. Tests of digital alternatives are in development with the Digital Test Bed, Teesside University, and HMRC, supported by the Freeport Hub.

Investment

18. Inward investment interest in the tax sites remains strong, with a pipeline of investors at various legal stages, on a range of plots.
19. **Teesworks West:** comprises South Bank, Dorman Point, and Lackenby. 225 acres of South Bank are under contract, optioned, or in construction. 45 acres of Dorman Point are progressing through Heads of Terms or contract. 30 acres of Lackenby are progressing through legal process, the remainder has multiple parties interested. The area known as SLEMS will be vacant although included in the Tax Site boundary.
20. **Teesworks East:** Comprises Steel House, Long Acres, Foundry. Steel House site is adjacent to the Park & Ride facility, Long Acres has multiple parties interested, c110 acres of the Foundry site is progressing through the legal process, 50 acres are available; 30 acres is expected to remain vacant.
21. **Wilton International:** Comprises land available owned by Sembcorp, marketed on behalf of other owners via Sembcorp. All sites available have serious interest from investors, including Renew ELP, Sembcorp Battery, Nova Pangaea (2 sites).

Risk

22. Teesside Freeport currently has a medium risk profile which is considered tolerable. The average residual risk score is 8.5 with the average threshold being 10.

FINANCIAL IMPLICATIONS

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

LEGAL IMPLICATIONS

24. HMG have issued the draft document "Set-up Phase and Delivery Model Guidance: English Freeports"

25. Additional on Freeport legislation was published within "UK Government policy on freeports - BRIEFING PAPER Number 8823, 20 April 2021".

26. 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 EU.

27. 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

28. The approach to Risk has been provided separately on the agenda.

CONSULTATION & COMMUNICATION

29. Stakeholder engagement meetings have continued during the period between meetings both on an individual and reference group basis.

30. The quarterly workstream meetings will re-commence following this board meeting.

31. The Business Solutions Director attends the DHLUC Freeport SRO Group meeting of all Freeports on behalf of TVCA.

32. A monthly meeting between the Freeport Manager and HMRC will re-commence support the development of guidance and implementation. The Freeport Manager will also hold meetings 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.

TEES VALLEY BUSINESS BOARD (previously the Local Enterprise Partnership)

34. The Business Board has representation within the Freeport Governance Structure.

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