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<b>REPORT TO:</b>	<b>COUNCIL</b>	<b>AGENDA ITEM: 9</b>
<b>DATE OF MEETING:</b>	<b>13 APRIL 2023</b>	<b>CATEGORY: DELEGATED</b>
<b>REPORT FROM:</b>	<b>MONITORING OFFICER</b>	<b>CATEGORY: OPEN</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>LIZ PAGE</b> elisabeth.page@southderbyshire.gov.uk	<b>DOC:</b>
<b>SUBJECT:</b>	<b>EAST MIDLANDS FREEPORT UPDATE</b>	
<b>WARD(S) AFFECTED:</b>	<b>ALL</b>	<b>TERMS OF REFERENCE: FM</b>

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## **1.0 Recommendations**

- 1.1 Members note the report and the progress in relation to the East Midlands Freeport.

## **2.0 Purpose of the Report**

- 2.1 To update the Council on the progress of East Midlands Freeport.

## **3.0 Detail**

### **Background**

- 3.1 In November 2020, the Government launched the Freeport bidding prospectus, setting out plans to provide the designated areas with special tariff and duty status to fuel economic growth, 'level up' underperforming regions, and promote innovation and regeneration.
- 3.2 At the 21 January 2021 Environment and Development Committee, Members endorsed the submission of a Freeport proposal for the East Midlands to Government, including a site within South Derbyshire.
- 3.3 In March 2021, the Government announced that, subject to completing the necessary authorisation processes, bids from eight locations in England had been successful, including the East Midlands.
- 3.4 In September 2021, an Outline Business Case for an East Midlands Freeport was submitted to Government. This was assessed positively, and work progressed to develop a Full Business Case for appraisal by Government.
- 3.5 At the 14 April 2022 Council meeting, Members endorsed the recommendations for Officers to contribute to the development of the Full Business Case, and for the Leader to sign a letter of support.

### **What is a Freeport?**

- 3.6 Freeports are special areas within the UK's borders where different economic regulations apply. Freeports in England are centred around one or more air, rail, or seaport, but can extend up to 45km beyond the port(s). The Freeport model envisages a package of measures, comprising tax reliefs, customs, business rates retention, planning, regeneration, innovation and trade and investment support.
- 3.7 Eligible businesses in Freeports will enjoy a range of tax incentives, such as enhanced capital allowances, relief from stamp duty and employer national insurance contributions for additional employees. These tax reliefs are designed to encourage the maximum number of businesses to open, expand and invest in Freeports which in turn will boost employment.
- 3.8 Freeports will benefit from a range of customs measures, allowing imports to enter the Freeport custom sites with simplified customs documentation and delay paying tariffs. This means that businesses operating inside designated areas in and around the port may manufacture goods using these imports, before exporting them again without paying the tariffs and benefit from simplified customs procedures.
- 3.9 Each Freeport will be granted up to £25 million of seed capital funding, primarily to be used to address infrastructure gaps in tax and/or customs sites that are holding back investment.
- 3.10 There is no deregulatory agenda in Freeports, with respect to security, health and safety, workers' rights, data protection, biosecurity, tax avoidance and the environment. Freeports – in the same way as every other business in the UK – will have to adhere to the UK's regulatory standards. Moreover, Freeports will be subject to an annual audit, by HMRC and Border Force, to make sure security measures continue to meet the high standards expected from Freeport operators to mitigate security risks across physical, personnel, and cyber domains.

## **Update**

- 3.11 The Full Business Case was submitted together with the letter of support from the Council. Subsequently, the East Midlands Freeport (EMF) started to meet as a Shadow Board. The Leader attended the Shadow Board meetings.
- 3.12 The Leader, the Council's Legal Services section and s151 Officer have been involved in the review, negotiation and approval of the EMF draft Articles of Association and Members Agreement (both subject to adoption by the Council). The Council's Legal Services section is providing input into the EMF's other required documents.
- 3.13 The members to the Members Agreement are the Council, Leicestershire County Council, Derbyshire County Council, Nottinghamshire County Council, Rushcliffe Borough Council, North West Leicestershire District Council, private sector land holders and developers within the EMF area.
- 3.14 The Government approved the Business Case and on 30 March 2023, the Department for Levelling Up, Housing and Communities confirmed final Government sign off and that the EMF was fully operational with access to the £25 million of seed funding.
- 3.15 An Operational Forum has now been established including representation from the Council. Various other forums, sub-committees, and working groups will now be established with Council representation, where relevant.

- 3.16 The Council will need to adopt a Business Rates Rebate Scheme for the Freeport. It is intended that the Scheme will apply to all the relevant Billing Authorities (the Council, Rushcliffe Borough Council and North West Leicestershire District Council).
- 3.17 A report will be made to a subsequent Council meeting (hopefully June or July 2023) for approval of the Articles of Association and Members Agreement, the other related EMF documents and the draft Business Rates Relief Scheme.
- 3.18 The Leader will be appointed to the Shadow/fully constituted EMF Board at the Annual Council meeting in May.

#### **4.0 Financial Implications**

- 4.1 None in this report. Subsequent reports will provide a full analysis.

#### **5.0 Corporate Implications**

##### **Legal Implications**

- 5.1 None in this report. Subsequent reports will provide a full analysis.

##### **Corporate Plan Implications**

- 5.2 A Freeport has the potential to contribute to the achievement of the 'Our Environment' theme of the Corporate Plan, which aims to keep a clean, green District for future generations, and the 'Our Future' theme which aims to grow our District and our skills base – including the following:

- Work with residents, businesses and partners to reduce their carbon footprint.
- Attract and retain skilled jobs in the District.
- Encourage and support business development and new investment in the District.
- Influence the improvement of infrastructure to meet the demands of growth.

##### **Risk Impact**

- 5.3 None in this report. Subsequent reports will provide a full analysis.

#### **6.0 Community Impact**

##### **Consultation**

- 6.1 There are no consultations underway at this time.

##### **Equality and Diversity Impact**

- 6.2 There are no equality and diversity impacts at this time.

##### **Social Value Impact**

- 6.3 There are no social value impacts at this time.

## **Environmental Sustainability**

6.4 There are no environmental sustainability considerations at this time.

## **7.0 Background Papers**

None