Neath Port Talbot
Castell-nedd Port Talbot
County Borough Council Cyngor Bwrdeistref Sirol

AGENDA

CABINET

FOLLOWING CABINET SCRUTINY COMMITTEE
MONDAY, 21st November 2022

MULTI-LOCATION MEETING –
COUNCIL CHAMBER PORT TALBOT AND MICROSOFT TEAMS

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Part 1

1. Appointment of Chairperson

2. Chairpersons Announcement/s

3. Declarations of Interest

4. Public Question Time
   Questions must be submitted in writing to Democratic Services, democratic.services@npt.gov.uk no later than noon on the working day prior to the meeting. Questions must relate to items on the agenda. Questions will be dealt with in a 10 minute period.

5. Freeport Bid Submission *(Pages 3 - 104)*

6. Urgent Items
Any urgent items (whether public or exempt) at the discretion of the Chairperson pursuant to Statutory Instrument 2001 No. 2290 (as amended).

7. Access to Meetings *(Pages 105 - 110)*
To resolve to exclude the public for the following item/s of business pursuant to Regulation 4 (3) and (5) of Statutory Instrument 2001 No.2290 and the undermentioned exempt Paragraphs of Part 4 of Schedule 12A to the Local Government Act 1972.

8. Freeports Submission Appendix B (Exempt Under Paragraph 14) *(Pages 111 - 126)*

K.Jones
Chief Executive

Civic Centre
Port Talbot **Tuesday, 15 November 2022**

Cabinet Members:

Councillors. S.K.Hunt, S.A.Knoyle, N.Jenkins, D.M.Peters, J.Hurley, S.Harris, J.Hale, A.Llewelyn, W.F.Griffiths and S.Jones

NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

Cabinet
21st November 2022

Appendix B - Not for publication pursuant to Regulation 5(2) & (5) of Statutory Instrument 2001 No. 2290 and Paragraph(s) 14 of Part 4 of Schedule 12A to the Local Government Act 1972. Pursuant also to Paragraph 21 of the Schedule, and in all the circumstances of the case, the public interest in maintaining the exemption is considered to outweigh the public interest in disclosing the information.

Report of the Chief Executive – Mrs Karen Jones

Matter for Decision

Wards Affected: Port Talbot, Margam and Taibach

Freeport Bid Submission

Purpose of the Report

1. To seek approval for Neath Port Talbot Council to support a bid to the Welsh and UK governments for a Freeport covering the port of Port Talbot and the port of Milford Haven and surrounding areas.

2. To seek delegated authority to the Chief Executive to agree the final draft of the submission in consultation with the Leader of Council.

Executive Summary

The UK and Welsh Governments have launched a Freeport initiative aimed at boosting economic growth by creating special economic zones around ports which would provide an array business incentives. This policy is designed to take advantage of the UK's new economic freedoms following Brexit, contribute to the 'levelling up' agenda and support the country's economic recovery from the Covid downturn. The recently launched Freeport Prospectus set out the bidding criteria and set the 25th of November 2022 as the deadline for submissions.

Following an earlier report to Cabinet, it is proposed that the Council supports a consortium bid involving Neath Port Talbot County Borough Council, Pembrokeshire

County Council, Associated British Ports and Milford Haven Port Authority for a Freeport covering the Port of Port Talbot and the Port of Milford Haven and surrounding areas.

The key areas of economic activity within the Freeport comprise of three tax sites and one customs site at each port where tax, planning and business incentives apply. These sites will be the main focus for economic growth; however Freeport status will stimulate further growth within the surrounding area inside and outside of the Freeport.

This paper is seeking Cabinet approval for the proposed submission. At the time of writing the submission is still being finalised therefore the presentation by Associated British Ports and the Bid team will also be made at the meeting of the Cabinet Scrutiny Committee on the 21st November 2022 to inform members deliberations.

The basis of the submission is that a Freeport will provide the opportunity for significant economic growth which will build on the already strong port and logistics sector and specifically to help lever future opportunities in respect of the developing offshore wind sector, supplementing the growth in the wider renewables sector across the region. The submission supports the Council's own wellbeing goals set out in the Corporate Plan and also contributes to green economic growth in Wales and across the UK.

Background

Freeport Programme

The Freeport Programme in Wales represents a new opportunity to help Wales continue to develop a globally competitive, entrepreneurial, inclusive and sustainable economy, whilst building the strength and resilience to overcome economic shocks experienced during the COVID-19 pandemic. It represents a key commitment within the UK Government's Levelling Up White Paper and will make a positive contribution to the Welsh Government's commitments to the economy, fair work and the seven well-being goals set out in the Wellbeing of Future Generations (Wales) Act 2015 which deliver long term benefits to improve the economic, social, environmental and cultural wellbeing of Wales.

The Freeport Programme will look to incentivise private businesses to invest in new opportunities in Wales, particularly in relation to climate resilience and making maximum progress towards decarbonisation. The Freeport Programme in Wales will build on existing local strengths and will make the nearby Welsh cities, towns and villages even better places to live and work.

UK Government have indicated that the Freeports initiative will be the cornerstone of the Government's plan to level up opportunity across the country. The overriding objective of Freeports is to boost trade, jobs and investment through streamlining regulations, speeding up planning processes and accelerating development and

housing delivery in and around Freeports. This policy is also a response to the UK's departure from the EU and more latterly part of the national economic recovery plan following the Covid 19 economic shock.

Measures to make Freeports attractive to domestic and international investors will include:

- Tariff flexibility
- Simpler customs processes
- Tax measures to incentivise investment
- Planning reforms
- Additional funding for infrastructure improvements

Freeports are secure customs zones located at ports where business can be carried out inside a country's land border but where different customs rules apply. They can reduce administrative burdens and tariff controls, provide relief from duties and import taxes and ease tax and planning regulations. Typically, goods brought into a Freeport do not attract a requirement to pay duties until they leave the Freeport and enter the domestic market. No duty at all is payable if they are re-exported.

Welsh Government published their prospectus for applications in September 2022 (a copy of which is enclosed at **Appendix A**, which sets out a Freeport model which would include multiple customs zones located within or away from a port to maximise flexibility in addition, Special Economic Zones designated over or around the customs zones would be created to maximise business investment in the Freeport.

Within a Freeport there can be up to three Tax Sites and but an unlimited number of customs sites.

The tax sites will be areas where the following benefits will apply:

- Land Transaction Tax Relief
- Enhanced Structures and Buildings Allowances
- Enhanced Capital Allowances
- Employer National Insurance Contributions Relief
- Business Rates Relief
- Local retention of business rates

- Permitted development rights

The Customs Sites offer the following benefits to businesses located within them: duty deferral, duty inversion on finished goods exiting the Freeport attract a lower tariff than their component parts, duty exemptions on goods imported into the Freeport, suspension of import VAT on good entering the Freeport and the authorisation to use simplified import procedures.

A Freeport Programme in Wales will help to promote regeneration across local economies and communities by driving inclusive and sustainable growth locally, regionally and nationally. A Freeport will support the Welsh Government's Mission to build a prosperous, green and equal economy based on the principles of fair work, sustainability, and the industries and services of the future. The Freeport will further enhance Wales' ability to attract investment and new businesses, bringing growth and prosperity to some of our most deprived communities and supporting delivery of key economic growth commitments set out in the UK Government's Plan for Wales.

The Freeport programme also generates commitment to supporting Wales becoming a more sustainable nation through improving the social, economic and cultural well-being of Wales, specifically applying the sustainable development principle designed to maximise contribution to achieve each of the Well-being goals as set out by the Well-being of Future Generations (Wales) Act 2015.

The Freeport Programme will provide access to a mixture of financial incentives, embedded by good governance that supports a strong partnership between local, private and public sector stakeholders; with the support of both the Welsh and UK governments in attracting investment; and supporting a strong local and regional skills base.

Work to date

At its meeting of the 29th June 2022, Cabinet authorised officers to engage in further exploration, research and discussions to explore the potential of the Council submitting a Freeport bid, either in isolation or in partnership with other organisations.

Since the launch of the prospectus in September 2021, officers across Neath Port Talbot Council have been working in partnership with Pembrokeshire County Council, Associated British Ports and Milford Haven Port Authority to develop a Freeport proposal that would focus on the ports of Port Talbot and Milford Haven.

A memorandum of understanding was entered into between partners to govern the development of a bid. Members are asked to consider and support the submission of the Freeport bid included with these papers to Welsh Ministers by the 24th November 2022.

The proposal

The Council and Pembrokeshire County Council ("Pembrokeshire") have worked alongside Milford Haven Port Authority ("MHPA) and Associated British Ports ("ABP"), to develop a single Freeport bid that builds on collaboration through, for example, the Swansea Bay City Deal and the South-West Wales Corporate Joint Committee, and best harnesses the clear synergies and collaboration between the two ports, most notably in working together to deliver the significant opportunity of floating offshore wind in the Celtic Sea and the wider renewables agenda.

The bid represents a strategy to catalyse investment and development around the two ports, both of which are critical yet underutilised national assets. This development includes capital-intensive investments that are best placed to take advantage of the specific package of tax measures afforded by a Freeport, such as:

- the floating offshore wind (FLOW) manufacturing and lifecycle cluster that is central to ensuring UK content for the Government's decarbonisation and energy security strategies, and which can only happen here,
- other zero-carbon industries (e.g. hydrogen),
- advanced manufacturing, and
- new innovative technologies (e.g. sustainable aviation fuel).

An interim chair of the Bid consortium has been identified; this interim chair would be Mr Roger Maggs, the current Chair of the Port Talbot Enterprise Zone. It is intended Mr Maggs will assume this role as Chair on a non-remunerated basis until a decision has been made by ministers as to the successful bid(s).

Freeport outer boundary

Applicants must define an Outer Boundary that reflects "a coherent economic geography". It should be no larger than a 45km circle, with no Freeport sites more than 45km apart, however, bids proposing sites outside the Outer Boundary will be considered, where this can be supported by a clear economic rationale, including a significant relationship between the activity in the proposed customs or tax sites outside the Outer Boundary, and the area within the Outer Boundary.

To reflect the unique multi-port bid, Celtic Freeport is proposing a bespoke outer boundary with two distinct zones centred on the wider journey to work areas at Milford Haven and Port Talbot. This approach will allows us to maximise the long term gains from retained Non-Domestic Rates across key communities, labour markets and immediate supply chains.

For comparative purposes, a 'strictly compliant' 45km circle will also be presented, which will encompassing the 2 tax sites and the customs site at Milford Haven. This circle needs to be in Pembrokeshire so that only 1 tax site is located outside the boundary. Notwithstanding this both councils would commit to sharing in the benefits of the Freeport, including by pooling the retained business rates revenues.

Freeport tax sites

Tax sites are the areas where the Freeport tax measures are available. They are also the areas within which business rates growth is retained by the local authority for 25 years. Applicants can propose up to 3 tax sites with a total area not exceeding 600ha.

Following a due diligence process supported by independent expert advice, a portfolio of tax sites has been selected which aims to:

- deliver net UK and Welsh GDP that cannot be generated elsewhere,
- assist in a successful net zero transition,
- improve energy security, and
- bring new opportunities to deprived communities.

The tax sites are as follows:

1) 236 hectares of a portfolio of sites around Milford Haven which is deemed contiguous due to the connections between them and the fact that land between otherwise separate sites is undevelopable
2) 22 hectares for hydrogen development on the North of the Haven.
3) 342 hectares of land in Port Talbot comprising land at Baglan Bay Energy Park, Port Talbour Harbourside and ABP Land

The bid team has been working closely with landowners as well as developers/investors/customers, including agreeing a detailed vision for each site with landowners and refining boundaries so that only the best land, focused on the best opportunities is included.

As the Freeport becomes operational, Tax Site Delivery Agreements will involve all parties – public and private – whose actions are necessary to ensure timely delivery and benefit maximisation on tax sites. They will ensure all reasonable efforts are taken to realise the vision for additionality and green growth, supporting fair work practices and making contributions to the Freeport Company.

Freeport customs sites

Customs sites are the areas within which the Freeport customs measures are available. There is no limit to the number or size of customs sites that can be proposed.

Two customs sites are proposed, one at each port.

The bid team is working with MHPA and ABP to understand that the security infrastructure and authorisations at each customs site.

Mitigating displacement

To comply with the bidding rules, but also to support engagement with regional partners, the bid team has been focussed on ensuring the proposition focuses on investment that is additional to the area and does not simply displace economic activity from elsewhere in South-West Wales.

The following features of the proposal will enable this to be achieved:

- Selection of tax sites that target investment that is new to the UK and located where it can best support growing well-paid employment for people in the region.
- Obligations on landowners and developers (via Tax Site Delivery Agreements) to take best endeavours to deliver development on their land that is additional and consistent with the programme's policy objectives, including avoiding displacement.
- An outer boundary that recognises the wider journey to work areas around Freeport locations (which inevitably transcend local authority boundaries).
- Promotion of major schemes, such as in the renewables sector, which will require skilled labour, thereby protecting existing jobs for residents in my area and also creating new high quality employment opportunities.
- Clear benefits for the wider supply chain, with positive impacts for businesses – small and large – across the region.
- The involvement of ABP, whose other facilities across Wales, including at Swansea, can deliver complementary activity to support new business at Port Talbot.
- A focus on skills development across the region, for example through programmes supported by the local retention of business rates growth on tax sites.
- Involvement of key regional stakeholders such as the South-West Wales Industrial Cluster and the Regional Learning & Skills Partnership for South-West Wales, as well as our regional academic institutions such as the Universities of Swansea and South Wales.
- Commitment to the fair work principles and the Well-being Future Generations Act 2015.

Financial Implications

In relation to the direct financial impact on the Council, if successful, any future revenue costs incurred in progressing with the establishment of a Freeport should be funded by c£1m of Government funding which will be made available for development costs and also through a suitable business model to support the day to day operation of the Freeport.

There are also wider economic benefits which are detailed below:

The development of a Freeport enables access to additional funding sources including grants and the retention of business rates relating to new business that locate within the Freeport Tax Sites. There is a compelling economic case for the Freeport equivalent to a possible tax benefit of up to £0.5 billion. Welsh Government will be determining how business rates retention will operate in Wales.

This funding can then be utilised to support the wider development of the Freeport area.

Successful Freeport designation will open up further funding. This includes £21 million (or potentially more, as set out in an 'extended' case) of dedicated Freeport capital seed funding from Government which will be used to enhance the pace of delivery across the Freeport, and to unlock further public and private sector investment. This will be mainly deployed across key sites for priorities that are primarily focused on transport access, land remediation and enablement, and other key infrastructure projects. It is also envisaged that some of the seed capital funding is used for skills, innovation, and low carbon projects, which address Freeport related opportunities and challenges. The Council continues to assess the potential funding streams to understand the proposed level of investment available to support the process.

Integrated Impact Assessment

A first stage Impact Assessment has been undertaken to assist the Council in discharging its legislative duties (under the Equality Act 2010, the Welsh Language Standards (No.1) Regulations 2015, the Well-being of Future Generations (Wales) Act 2015 and the Environment (Wales) Act 2016. An integrated impact assessment is enclosed at Appendix C, which members are asked to consider as part of their deliberations.

In the event that the bid is successful, a fuller integrated impact assessment will be developed as part of the final business case development. The fundamental intent of the bid is to boost economic growth which is expected to impact positively on the socio- economic profile of the area. The bid addresses the Wellbeing of Future Generations (Wales) Act 2015 policy objectives and fair work - these being a requirement to be met within the scoring criteria contained within the Prospectus.

Legal Impacts

The submission of the bid is in accordance with the general power of competence on local authorities contained in the Local Government and Elections (Wales) Act 2021.

The Prospectus requires that a local authority acts as the lead body for the bid. It is proposed that Neath Port Talbot County Borough Council is the lead body for the bid and accordingly the Accountable Body.

As the Accountable Body we would be agreeing to be accountable to both governments for the expenditure and management of centrally funded public money:

(1) Receive funding on behalf of the Freeport from the Welsh and UK Governments.

(2) Ensure that such funding is used appropriately in accordance with the law, good financial management and any applicable grant conditions.

(3) Establish and maintain financial systems to account for all public funding received and disbursed.

(4) Ensure that all required information on expenditure, activities and outcomes are properly recorded and reported.

(5) Ensure that good governance is embedded in the decision-making arrangements.

Risk Management

An alternative option open to Cabinet is not to proceed with the submission of a Freeport bid with the consequence that Neath Port Talbot would miss out on the significant economic growth opportunities that the Freeport opportunity could create and the seed funding of £21 million.

Risks attached to the role of accountable body are considered to be low and can be mitigated through the use of appropriate legal agreements between the relevant stakeholders. The cost of services provided as part of the accountable body role will be recovered from parties. This type of arrangement exists in a number of settings, and can be managed effectively.

As indicated above, the risk that economic activity will simply be replaced rather than be additional will be mitigated by linking the Freeport directly to the off-shore wind farm and renewable energy sectors. These are emerging sectors and economic activity is therefore expected to comprise of new jobs that will support this emerging economy. The use of the land within the proposed tax sites will be regulated through a legally binding agreement so providing a further lever to secure additionality. Finally, the two local authorities will determine the distribution of retained business rates and this is a further lever to support additionality.

The risk that a Freeport would result in poor quality of employment is mitigated by the undertakings set out in the Bid to support Fair Work. It is also a requirement of the Prospectus that trade union representation is secured in the governing body for the Freeport supported by a workforce consultative committee. The other levers indicated above are also available to support the objective of Fair Work.

Risks related to tax evasion and other similar matters are addressed in the submission as required in the Prospectus.

Consultation

The Freeport bid has been developed by the two local authorities, Associated British Ports and Milford Haven Port Authority, working in consortium. Wider consultation has also taken place with a wide range of public and private sector organisations including business networks within the Freeport proposed area.

Recommendation

It is recommended, that having due regard to the integrated impact screening assessment that:

- Members approve the submission of a bid for a Freeport covering the port of Port Talbot and the port of Milford Haven and surrounding areas, in the form annexed at Appendix B, subject to any variations that may be necessary prior to submission.

- Members grant delegated authority to the Chief Executive, in consultation with the Leader of Council to agree amendments to the Bid prior to its final submission to the Welsh Government

- Members approve Neath Port Talbot County Borough Council's nomination as the Accountable Body for the proposed Freeport.

- Members authorise the Leader of Council to submit a letter to the Welsh Government reflecting Neath Port Talbot County Borough Council's support for a Freeport covering the port of Port Talbot and the port of Milford Haven.

- Members authorise the Chief Executive in consultation with the Leader to take action as may be necessary to promote the merits of the Bid post submission up to the point of Ministers decisions on the success/otherwise of the bid.

Reason for Decision

Achieving Freeport status could act as a catalyst for significant economic growth within the locality and the wider region linked to the emerging off-shore wind sector and wider renewables agenda. The proposal will also support work to decarbonise industry, housing and transport at local regional and national levels helping to meet the net zero carbon targets. Green economic growth will help to address structural issues of poverty and deprivation in the local and regional economy stimulating the local supply chain and increasing the skills and qualifications of the resident population.

Implementation of Decision

The decision is proposed for immediate implementation with the consent of the Chair of the Cabinet Scrutiny Committee.

Appendices

Appendix A – Freeport Prospectus

Appendix B – Draft Freeport Bid Document (Exempt Under Paragraph 14)

Appendix C – Integrated Impact Assessment

List of Background Papers

None

Officer Contact

Mrs Karen Jones

Chief Executive

Mrs Nicola Pearce

Director of Environment and Regeneration

Mr Huw Jones

Chief Finance Officer

Mr Simon Brennan

Head of Property and Regeneration

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Department for Levelling Up, Housing & Communities (https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities)

Welsh Government (https://www.gov.uk/government/organisations/welsh-government)

Policy paper

Freeport Programme in Wales: bidding prospectus

Updated 28 October 2022

Applies to Wales

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Delivered in partnership by the Welsh Government and the UK Government

Please note that this prospectus is available in both English and Welsh

Ministerial forewords

Welsh Ports have a long history in helping to shape the economic, social, and cultural fabric of Wales. Today, they remain a central feature in establishing new trading links across the globe and growing the UK's international trade and investment potential.

The UK Government's Plan for Wales commits to strengthening Wales' place at the heart of a prosperous UK, supporting economic growth, Levelling Up and spreading opportunity across Wales. The ports and harbours dotted along the Welsh coast we know today helped shape Britain as an outward-looking global nation. These same ports are now helping us build the greener, cleaner, more energy-independent Britain of tomorrow.

The UK Government wants to work with our partners, including the Welsh Government to make sure Wales takes full advantage of its enormous strengths so that together we can level up communities across Wales stretching from Beaumaris to Barry.

Our new Freeport Programme, jointly delivered with the Welsh Government and backed by an initial £26 million of funding, will help us make this vision a reality.

The Freeport Programme has the potential to help Wales compete for global investment and trade, creating thousands of new jobs and putting coastal communities on the path to long-term growth and prosperity.

The publication of this prospectus marks an exciting next step in the Freeport Programme – the bidding phase. This document sets out the essential selection criteria for a successful bid.

As you would expect, we have set the bar high. We want every bid to promote regeneration and job creation. We want a vision for how the Freeport would turn your area into a hub for global trade and investment, and we want ideas for how it will foster an innovative, business-friendly environment.

Crucially, we want bidders to clearly demonstrate how they will use their Freeport status to generate increased economic activity across Wales, stimulate a net growth in jobs, create high quality job opportunities and support decarbonisation in the transition to Net Zero. Both governments will have an equal say on the successful Freeport bid.

Low taxes and low regulation combined with seed funding and the backing of not one but two governments, make this an unmissable opportunity.

I look forward to seeing ambitious bids come forward that seize this opportunity and deliver for Wales, as part of a joint commitment between our two Governments to level up opportunity and prosperity across the whole country.

Rt Hon Greg Clark MP

Secretary of State for Levelling Up, Housing and Communities

The Welsh Government has a clear Economic Mission to establish the Welsh economy as more prosperous, equal and green than ever before. Turning that ambition into a reality hinges on how we ensure investment reinforces our commitments to fair work, sustainability and supporting the services and industries of the future.

As an intrinsic part of our rich industrial history and the engine room of our economy, ports have huge potential to accelerate future industries which support net-zero from off-shore energy to advanced manufacturing. Thanks to the agreement we've secured with the UK Government we are launching a Freeport Programme in Wales which offers an opportunity to harness Wales's abundant economic potential domestically and internationally by reimagining the role of ports, whilst promoting fair work and sustainability.

This Welsh Government believes a better deal for workers is essential to a fairer and more equal Wales. It is vital to the Welsh Government that our public policy interventions contribute to fair work and to our social partnership way of working. That is why this prospectus highlights the importance we place upon fair work and social partnership. This includes the engagement of trade unions in a Workers Consultative Forum, which will form part of the local governance of a Welsh freeport.

We are inviting progressive applications which deliver regeneration and high-quality jobs, boost investment and trade and foster innovation. The successful bid will receive up to £26 million seed investment as well as a package of benefits which span tax and rates relief, streamlined planning, customs site designation and wider government support for trade, investment and innovation.

As well as demonstrating a holistic investment plan which supports emerging clusters and maximises the growth potential of the local area, proposals must embody Well-being of Future Generations (Wales) Act 2015 values and ensure dignity and fairness for people are at their core.

I am looking for bids that break the industry ceiling on net zero standards, exemplify the high labour standards set out in our Economic Contract and articulate a shared vision formed by long-lasting coalitions which genuinely involve all social partners.

Both governments will jointly decide the outcome of the competition and I look forward to considering innovative bids which deliver meaningful economic and social benefits for Wales.

Vaughan Gething MS

Section 1. Introduction and context

1.0.1 The Freeport Programme in Wales represents a new opportunity to help Wales continue to develop a globally competitive, entrepreneurial, inclusive and sustainable economy, whilst building the strength and resilience to overcome economic shocks experienced during the COVID-19 pandemic. It represents a key commitment within the UK Government's Levelling Up White Paper (https://www.gov.uk/government/publications/levelling-up-the-united-kingdom) and will make a positive contribution to the Welsh Government's commitments to the economy, fair work and the seven well-being goals set out in the Well-being Future Generations (Wales) Act 2015 (https://www.futuregenerations.wales/about-us/future-generations-act/) which deliver long term benefits to improve the economic, social, environmental and cultural wellbeing of Wales.

1.0.2 The Freeport Programme will look to incentivise private businesses to invest in new opportunities in Wales, particularly in relation to climate resilience and making maximum progress towards decarbonisation. The Freeport Programme in Wales will build on existing local strengths and will make the nearby Welsh cities, towns and villages even better places to live and work.

1.1 Policy context

1.1.1 In February 2020, the UK Government announced its intention to establish Freeports to help regenerate communities by unlocking the economic potential of UK ports. When the UK Government launched the Freeports Bidding Prospectus for England in November 2020, a commitment was made to work with the devolved governments to ensure the whole of the UK could benefit from Freeports.

1.1.2 In February 2022, the UK Government published the Levelling Up White Paper. The paper recognised the significant spatial disparities on a range of indicators between different places across the UK and set 12 ambitious missions to drive levelling up. A key theme of the White Paper is boosting productivity, pay, jobs and living standards by growing the private sector, including through support for inward investment and trade. The White Paper reiterated the UK Government's commitment to establish new Freeports across Wales, Scotland and Northern Ireland, working with the devolved governments.

1.1.3 The Welsh Government's updated Programme for Government outlines its commitment to deliver a stronger, fairer, greener and more compassionate Wales. The Welsh Government is placing a strong emphasis on fair work, sustainability and supporting the industries and services of the future.

1.1.4 The UK Government's Plan for Wales commits to strengthening Wales' place at the heart of a prosperous UK, supporting economic growth across Wales, building back greener, more connected communities. Together, the Welsh and UK

Governments have worked constructively to develop a Freeport Programme that reflects our respective values, the unique opportunities in Wales, and benefits for businesses, ports and communities across Wales.

1.2 Freeport Programme in Wales

1.2.1 Many features of the Freeport Programme in Wales will operate in the same way to the Freeport Programme in England, as well as the Green Freeport Programme model being taken forward in Scotland. The Freeport Programme in Wales will help to improve the economic, social, environmental and cultural well-being of Wales by contributing to the seven well-being goals set out in the Well-being of Future Generations (Wales) Act 2015 (https://www.futuregenerations.wales/about-us/future-generations-act/). This means supporting Wales to build a stronger, greener economy as it makes maximum progress towards decarbonisation with an emphasis on fair work and supporting the industries and services of the future.

1.2.2 The Welsh and UK Governments want to partner with leaders in the private and public sectors to support businesses with a global reach, and businesses who aspire to a global reach, to achieve their ambitions. This will unlock the potential of Wales' regions for the benefit of the national economy, businesses, workers, and local communities, and builds on successful partnership working that is already established between UK and Welsh Government through the implementation of City and Growth deals across Wales.

1.2.3 We recognise that different regions will have different existing strengths, institutions, and economic strategies. Applicants should set out why a Freeport is right for their area; how they will use the measures; and how they will deliver on the key objectives. Both governments want Freeport applicants to form strong coalitions which will develop ambitious and deliverable proposals. These coalitions must include: a port (sea, air, or rail) and the local authority/authorities in which the Freeport is located. These coalitions will also include: local businesses; international businesses; academic institutions; Regional Economic Partnerships and local authorities.

1.3 This prospectus

1.3.1 This prospectus document is intended as a guide for applicants and a version is also available in Welsh. It provides detail on:

a. objectives of the Freeport Programme (Section 2)

b. Freeport geography, including guidelines on site size and design (Section 3.1)

c. how the different policy levers will work (e.g. how reserved and devolved taxes will work) (Section 3.2 to 3.8)

d. governance and delivery of the Freeport Programme (Section 4)

e. the fair, open, and transparent selection (Section 5)

f. the application questions (Sections 5.6 to 5.9)

1.4 Application process

1.4.1 Applicants and multi-applicant partnerships must submit their proposals to both governments via the Department for Levelling Up and Communities (DLUHC) portal by 6pm on 24 November 2022. Applicants will have 12 weeks from the publication of the prospectus to complete and submit their bids. Proposals should be submitted via the Freeport application portal which will be sent to parties who register an interest in bidding for Freeport status. The registration form can be found here (https://forms.office.com/r/VfNkV0PzrC). All questions asked as part of the application can be found in sections 5.6 to 5.9 of this prospectus.

1.4.2 Potential applicants will be able to request clarification on the content of this applicant prospectus until 13 October. A summary of answers provided will then be published online no later than 27 October.

1.4.3 Proposals will be assessed via an open competitive process, with chosen designations announced in early Spring 2023.

1.4.4 The successful applicant will be granted some revenue funding subject to an initial governance review to support governance set-up costs. They will also work with us to develop detailed business cases for their spending plans associated with the award of any additional Freeport funding offered.

1.5 Summary of key dates

1 September 2022 - Prospectus published, applicants can submit clarification questions, and application portal opens

13 October 2022 - Deadline for all prospectus clarification questions to be submitted

27 October 2022 – Deadline for publication of summary of prospectus clarification question responses

24 November 2022 – Application deadline, 6pm

Early spring 2023 – Announcement of winning bid

Summer 2023 – Freeport becomes operational

Section 2. Objectives

2.0.1 This document is the applicant prospectus for the Freeport Programme in Wales only.

2.0.2 The Welsh and UK Governments have worked together to design a Freeport model which will deliver on three main objectives which must be met by applicants:

a. promote regeneration and high-quality job creation;

b. establish the Freeport as a national hub for global trade and investment across the economy;

c. foster an innovative environment.

2.0.3 No two local economies or ports are the same. To meet the ambition of the Freeport Programme in Wales, applicants should: reflect on the characteristics of their local economy or port; consider how to optimally use their assets and tackle their relative weaknesses; and set out a strategy for inclusive growth founded on the Freeport objectives. Applicants will submit a strategy in their bid to evidence this (Question 2) and how they will achieve each of the objectives set out in this section. This written submission will form a key part of the overall application for Freeport status.

2.0.4 In practice, many of the activities described will achieve more than one objective and create virtuous cycles, with one activity reinforcing another. For example:

a. a strategic site adjacent to an established port is developed which builds on existing assets in a capital intensive sector that benefits from the firm's location, for example, building components for wind turbines. This Freeport could effectively market itself to international investors in the wind energy and related sectors by pointing to its existing industrial strengths, allowing a large firm to establish itself quickly by accessing an existing supply of skilled workers and suitable infrastructure at the port. As the site is adjacent to the port, it would lower transport costs, so firms with goods that carry high transport costs may benefit in particular. For the local community, this new and significant demand for their skills should boost wages and create job opportunities in more disadvantaged areas

b. once a large firm has been attracted, it could increasingly interlink with local supply chains, with by-products of one process acting as inputs to others. This could grow a new cluster of firms, allowing them to benefit from shared infrastructure, storage facilities and transport, with energy intensive industries benefitting from reduced costs and so greater environmental compliance. These increases in efficiency should further boost job creation and increase wages

c. firms could pool their training budgets to establish a further education provider focused on technical skills, in partnership with existing skills providers. This could provide training opportunities on site, so that learners can benefit from work experience and ensure the labour market best meets the needs of this emerging industrial cluster. There may be opportunities to pilot innovative schemes around clean energy, helping to develop the industrial strengths of the future

2.1 Promote regeneration and high-quality job creation

2.1.1 Both governments aim to promote regeneration and job creation through inclusive and sustainable growth. A key aim of the Freeport Programme in Wales is to stimulate net growth in jobs across innovative industries and sectors of the

economy, creating high quality job opportunities, sustainable and inclusive economic growth, and regenerating the areas which need it most. Applicants should include in their application, a demonstration of the benefits to supply chains across Wales, and details of positive economic impacts for local and regional economies.

Promoting Regeneration – local authorities, ports, and business working together

2.1.2 We want the Freeport Programme in Wales to help promote regeneration across local economies and communities by driving inclusive and sustainable growth locally, regionally and nationally. A Freeport will support the Welsh Government's Mission (https://gov.wales/sites/default/files/publications/2021-02/economic-resilience-reconstruction-mission_0.pdf) to build a prosperous, green and equal economy based on the principles of fair work, sustainability, and the industries and services of the future. The Freeport will further enhance Wales' ability to attract investment and new businesses, bringing growth and prosperity to some of our most deprived communities and supporting delivery of key economic growth commitments set out in the UK Government's Plan for Wales (https://www.gov.uk/government/publications/uk-governments-plan-for-wales-2021).

2.1.3 A Freeport applicant is encouraged to demonstrate throughout their bid, its commitment to supporting Wales becoming a more sustainable nation through improving the social, economic and cultural well-being of Wales, specifically how they have applied the sustainable development principle designed to maximise contribution to achieve each of the Well-being goals as set out by the Well-being of Future Generations (Wales) Act 2015 (https://www.futuregenerations.wales/about-us/future-generations-act/).

2.1.4 To attract the private investment needed to drive this regeneration, the Freeport Programme will provide: access to a mixture of financial incentives; good governance that supports a strong partnership between local, private and public sector stakeholders; support of both the Welsh and UK governments in attracting investment; and support to create a strong local and regional skills base.

2.1.5 We expect local authorities to help shape regeneration plans, by sharing relevant local and regional plans for inclusive and sustainable growth. In turn, private operators and beneficiary businesses must:

a. put in place provisions to ensure investment, that is additional and aligned with the policy objectives, is brought forward on tax sites, including through landowners working with a Freeport to shape the end use of their land

b. focus investment on activity which is genuinely additional to their existing investment plans, either by significantly accelerating investment, or by tackling promising development sites which would otherwise be unviable. Bids that demonstrate genuine and tangible commitments from all partners to the delivery of the regeneration objective will be looked on more favourably

c. demonstrate how they can benefit other local businesses, wider supply chains and local communities via engagement and collaboration with the local authority/authorities and prioritising local and regional recruitment where possible

Support emerging industrial clusters

2.1.6 Freeport applicants should set out a clear sectoral focus, and identify the rationale for the sector choices, including any research that supports these choices. The proposal should also outline how emerging clusters in those sectors help deliver the policy objectives. By targeting particular sectors that are present and growing in the local or regional economy, a Freeport should further catalyse innovation to support emerging clusters. This should involve collaboration with Welsh enterprise agencies, universities, and colleges. Industrial strengths and clusters can be identified using several methods, from statistics on industries ranked by local job share to “Economic Complexity Analysis”.

2.1.7 Applicants should give evidence of these emerging clusters in their local economy and how they intend to support them, including how the Freeport status could help address any investment viability gaps. Clear evidence of new private sector investment – either from commercial property developers serving those sectors or from occupiers themselves – will be rewarded with a higher assessment against relevant criteria.

2.1.8 Some clustering benefits have been observed at local and even office premises level. Therefore, applicants must also show how they intend to align the skills available in the local labour market to the needs of the businesses and sectors being targeted, including support for upskilling in line with local and national skills strategies. Bids that propose commercial property development should show how they will enhance these effects, demonstrating how they will attract larger “anchor firms” around which other firms can cluster or ensuring that estates are well-designed to promote collaboration.

Creating high quality jobs, delivering fair work and enhancing the local skills base

2.1.9 By supporting emerging clusters and taking advantage of incentives, the Freeport Programme can produce high quality jobs, with higher wages in innovative industries. We want to see firms in target sectors commit to high standards around employment practices at the bidding stage. For example, applicants could provide evidence of existing good working practices and commitments, including constructive engagements with employees and trade unions.

2.1.10 The appointed bidder should engage with Welsh Government to develop an Economic Contract (https://businesswales.gov.wales/economic-contract) in line with current Welsh Government policy. Applicants can, and should, act as examples to others and show how their business practices promote the principles of fair work

and sustainability. Applicants can also show how they comply with good practice in procuring goods and services in Wales, such as the ethical employment supply chains code of practice.

2.1.11 This could include committing to raise the wage floor, investing in the skills of their workforce, tackling the gender pay gap, creating more inclusive workplaces, and avoiding inappropriate use of zero-hours contracts. Applicants should submit a strategy to show how they will achieve the desired outcome of better and fairer jobs and improved wages. It should include:

a. how the Freeport itself will enable the creation of new higher paid jobs

b. how it will attract companies to locate in the area

c. how fair work practices will be embedded across the area

2.1.12 Applicants must also show how they intend to align the skills available in the local labour market to the needs of the businesses and sectors being targeted, including support for upskilling in line with local and national skills strategies.

2.1.13 In developing their strategies, bidders may wish to consider alignment with the Welsh Government's fair work criteria[footnote 1]. For example, this could include commitments in relation to the real living wage and trade union engagement. These will be taken into account where they support the overall objective.

Transport

2.1.14 Applicants should identify the potential surface transport impacts resulting from development, in line with relevant planning policy, and where mitigation is required, this should be identified and delivered by the applicant. Applicants should make sure activity:

(1) supports the vision and the priorities set out in Llwybr Newydd The Wales Transport Strategy 2021 (https://gov.wales/llwybr-newydd-wales-transport-strategy-2021), especially the use of the Sustainable Transport Hierarchy to guide decisions

(2) is aligned to the greatest practicable extent with the appropriate existing Regional Transport Plans (available via local authorities) and Metro programmes (Welsh Government officials can facilitate access to details of the Welsh Metro programmes. For the purposes of this document, Metro programmes include the work to deliver the recommendations of the South East Wales Transport Commission.)

(3) is not critically-dependent on transport developments that are subject to existing reviews/commissions in Wales, such as the Roads Review and North Wales Transport Commission.

2.1.15 Bids giving consideration to Transit-Oriented Development, with new employment and logistics sites being located close to existing transport links, will be considered in a more favourable light.

2.1.16 Applications should show as appropriate how the Freeport could stimulate the adoption of more sustainable shipping, aviation and/or rail movements. For example, this could be through the provision of more sustainable fuels, incentivising the use of more efficient ships/aircraft/trains, or more energy-efficient operations.

2.2 Establish hubs for global trade and investment

2.2.1 A prospective Welsh Freeport will need to demonstrate how it will support increased global trade and investment furthering economic activity across Wales, and the wider UK. The economic impact that international investment has on host economies is well established; with the benefits secured from good inward investment including employment, higher wages, productivity gains, increased exports spread across many of our regions in a number of key sectors and regeneration of communities. The Freeport will need to outline its plans for interacting with the global investment market to secure FDI and capital investment into their Freeport.

2.2.2 Wales' trade policy is underpinned by the Welsh Government's wider commitments to sustainability and to act as a responsible nation on the global stage; to respect and protect human rights; to take action to respond to the global climate emergency and to safeguard our valued public services. Wales has welcomed and supported businesses from all over the world, helping them to develop, grow and realise their full potential.

2.2.3 Applicants should clearly demonstrate how proposals will capture the additionality provided by a Freeport to increase trade. A Freeport should make clear whether it seeks to become an import and/or export facility, or whether it is seeking to prioritise the import market. If applicants are seeking to enhance export activities, proposals should identify target markets and outline the approach to use existing market relationships, as well as generate new markets to benefit the local community. They will also need to evidence how they will encourage small and medium sized enterprises (SME's) to export as part of their exportation plan. Applicants should consider how their proposals align with the UK's Made in the UK, Sold to the World (https://www.gov.uk/government/publications/export-strategy-made-in-the-uk-sold-to-the-world/made-in-the-uk-sold-to-the-world-web-version) export strategy and the Welsh Government's Export Action Plan.

2.2.4 Proposals should include how applicants intend to adopt best practice to support the achievement of greener and more sustainable infrastructure and construction.

2.2.5 Further detail on the UK and Welsh Governments' ambitions can be found in: the Levelling Up White Paper (https://www.gov.uk/government/publications/levelling-up-the-united-kingdom) and the International Strategy for Wales (https://gov.wales/international-strategy-for-wales-html).

2.2.6 Proposals should focus on:

a. demonstrating how the Freeport will bring new investment into the surrounding areas and increase trade through the port(s) (sea, air or rail) involved, including demonstrating an understanding of Foreign Direct Investment and inward investment propositions. The standard governmental policies on Foreign Direct Investment will still apply (such as the National Security and Investment Act 2021 (https://www.gov.uk/government/collections/national-security-and-investment-act))

b. outlining how they envisage their Freeport will support internationalisation of the economy, showing how they will work with local and international businesses to enhance the impact of increased investment in a way that supports sustainable, inclusive growth, making trade processes easier and more efficient, and ensures creating opportunities for all, distributing the dividends of increased prosperity fairly

c. indicating which sectors would benefit from having a Freeport (e.g. to assist with any necessary import/export checks or supporting their supply chain needs)

d. a description of their investor and company onboarding and management process, providing detailed process maps which identify each of the engagement steps throughout the company or investor journey

e. examples of specific investment opportunities which demonstrate how these are supportive of the wider Welsh and UK government objectives

2.3 Foster an innovative environment

2.3.1 A Freeport will focus private and public-sector investment in research and development (R&D); it will be a dynamic environment that brings together innovators to collaborate in new ways, while offering controlled spaces to develop and trial new ideas and technologies. We expect landowners to prioritise more innovative investments and the Freeport executive to bring businesses into contact with the Freeports Regulation Engagement Network (FREN). All Freeport partners should seek opportunities to access wider innovation funding.

2.3.2 Applicants should align their bids to the objectives in the cross-government, outcome-based approach to innovation, as outlined in the Welsh Government's Draft Innovation Strategy: Innovation strategy for Wales (https://gov.wales/innovation-strategy-wales) . Applicants should also take note of the UK Government's R&D Roadmap (https://www.gov.uk/government/publications/uk-research-and-development-roadmap) and Innovation Strategy (https://www.gov.uk/government/publications/uk-innovation-strategy-leading-the-future-by-creating-it). The Integrated Review (https://www.gov.uk/government/publications/global-britain-in-a-competitive-age-the-integrated-review-of-security-defence-development-and-foreign-policy) also outlined a new approach to growing the UK's science and technology power in pursuit of strategic advantage.

Innovation in the Freeport Programme

2.3.3 Innovative activity in a Freeport location can be characterised into three distinct areas of focus. Applicants could focus on any, or all of these in outlining their innovation ambitions.

a. port-specific innovation – innovation that directly benefits air, rail or maritime ports e.g. autonomous cranes and cargo-handling equipment, digital security, customs software that can track goods across a broader area, creative use of people and skills to develop innovative solutions driving efficiency and effectiveness

b. port-related innovation – innovation that indirectly benefits air, rail or maritime ports or their supply chain e.g. autonomous transport, modal shift from road transport, decarbonisation of transport, industrial decarbonisation etc.

c. non-port-related innovation – innovation unrelated to air, rail or maritime ports that can take advantage of port-proximate locations or the Freeport wider offer e.g. renewable energy technology, pharmaceuticals, quantum technologies, advanced materials, robotics, AI

Innovation activity

2.3.4 In creating a successful innovative environment, proposals should highlight how having Freeport status can bring additionality to those already collaborating in the region and consider the following:

a. capability and investment: build and reinforce the capability for R&D in the Freeport region, by funding and supporting private and public investment in research, innovation and skills

b. collaboration and commercialisation: facilitate translational research, skills development and data-sharing in the Freeport region, by linking start-ups, businesses and ports with academic institutions, innovation structures and regulators and by making best use of the Freeports Regulation Engagement Network (FREN)

c. novel solutions: driving the development, testing and application of new ideas, technologies, and social programmes, including developing innovative solutions to problems faced by the Freeport Programme.

2.3.5 We are also particularly interested in how innovation ambitions can protect the environment and support the decarbonisation and net zero agendas, as outlined in Section 4.2.

2.4 Logic model

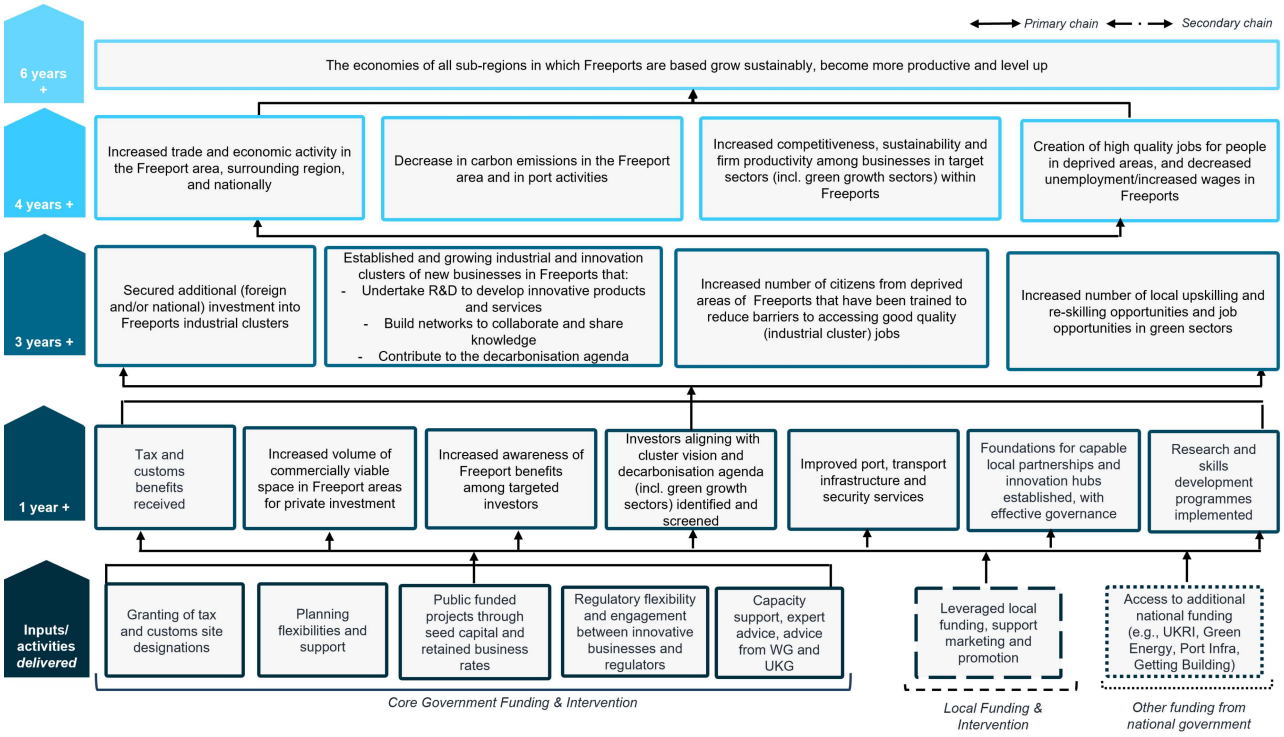

Figure 1: The Logic model – a map of the inputs and activities delivered with their respective outputs followed by the expected long-term impacts of the policy.

Accessible version

6 years +

The economies of all sub-regions in which Freeports are based grow sustainably, become more productive and level up

4 years +

Increased trade and economic activity in the Freeport area, surrounding region, and nationally

Decrease in carbon emissions in the Freeport area and in port activities

Increased competitiveness, sustainability and firm productivity among businesses in target sectors (incl. green growth sectors) within Freeports

Creation of high quality jobs for people in deprived areas, and decreased unemployment/increased wages in Freeports

3 years +

Secured additional (foreign and/or national) investment into Freeports industrial clusters

Established and growing industrial and innovation clusters of new businesses in Freeports that:

-Undertake R&D to develop innovative products and services

-Build networks to collaborate and share knowledge

-Contribute to the decarbonisation agenda

Increased number of citizens from deprived areas of Freeports that have been trained to reduce barriers to accessing good quality (industrial cluster) jobs

Increased number of local upskilling and re-skilling opportunities and job opportunities in green sectors

1 year +

Tax and customs benefits received

Increased volume of commercially viable space in Freeport areas for private investment

Increased awareness of Freeport benefits among targeted investors

Investors aligning with cluster vision and decarbonisation agenda (incl. green growth sectors) identified and screened

Improved port, transport infrastructure and security services

Foundations for capable local partnerships and innovation hubs established, with effective governance

Research and skills development programmes implemented

Inputs/outputs delivered

Core government funding & intervention:

Granting of tax and customs site designations

Planning flexibilities and support

Public funded projects through seed capital and retained business rates

Regulatory flexibility and engagement between innovative businesses and regulators

Capacity support, expert advice, advice from WG and UKG

Local funding and intervention:

Leveraged local funding, support marketing and promotion

Other funding from government:

Access to additional national funding (e.g., UKRI, Green Energy, Port Infra, Getting Building)

2.5 Expected outcomes

2.5.1 Each objective is underpinned by a set of key outcomes describing what the Welsh and UK governments want to achieve. It is a non-exhaustive list and applicants must show how they will deliver these key outcomes within their plans for addressing the key objectives. Progress on these outcomes will be measured and form the basis for subsequent evaluation of the success of the programme overall.

2.5.2 The performance of the Freeport Programme will be assessed against all of these outcomes as part of the monitoring and evaluation process. At this proposal stage, submitted applicant implementation plans will help in our assessment of the highest quality bids.

Promote regeneration and high-quality job creation

a. increased number of jobs and average private sector wages within the Freeport, host local authority area(s), wider regional economy, and specifically disadvantaged areas in the host local authority area(s).

b. increased economic activity through new UK-registered company formation and expansion of existing companies in the Freeport tax sites, wider designated area and the regional economy

Establishing hubs for global trade and investment

a. net increases in inward investment within the Freeport boundary area, surrounding region and nationally.

b. increased transactions in trade throughput through the designated port(s)

c. attracting inward investment, creating new jobs and opportunities for people in Wales

Foster an innovative environment

a. increased public and private sector funding in R&D and innovation in the Freeport area, enabling increased productivity in the wider region. Scale of sectoral clusters is increased by innovation and collaboration with Welsh enterprise agencies, universities, and colleges.

Section 3. Economic levers and design of interventions

3.0.1 This section details the specific design of a Freeport, including geography and economic levers offered to applicants as they would apply in Wales. The Freeport model is based on the model the UK Government have used for

Freeports in England and that is used by UK Government and Scottish Government for Green Freeports in Scotland.

3.1 Freeport geography

3.1.1 The Freeport model is geographically flexible, which applicants should best apply to their specific space and geography.

3.1.2 The model allows for multiple sites to be designated within the overall Freeport, enabling applicants to best reflect existing economic geographies, and maximise collaboration between ports, businesses, wider stakeholders and relevant economic assets by allowing them to benefit and contribute to the Freeport. However, limits must ultimately apply to generate agglomeration benefits and control costs. These limits, and flexibilities around them in exceptional cases, are set out below.

Overview of the Freeport model

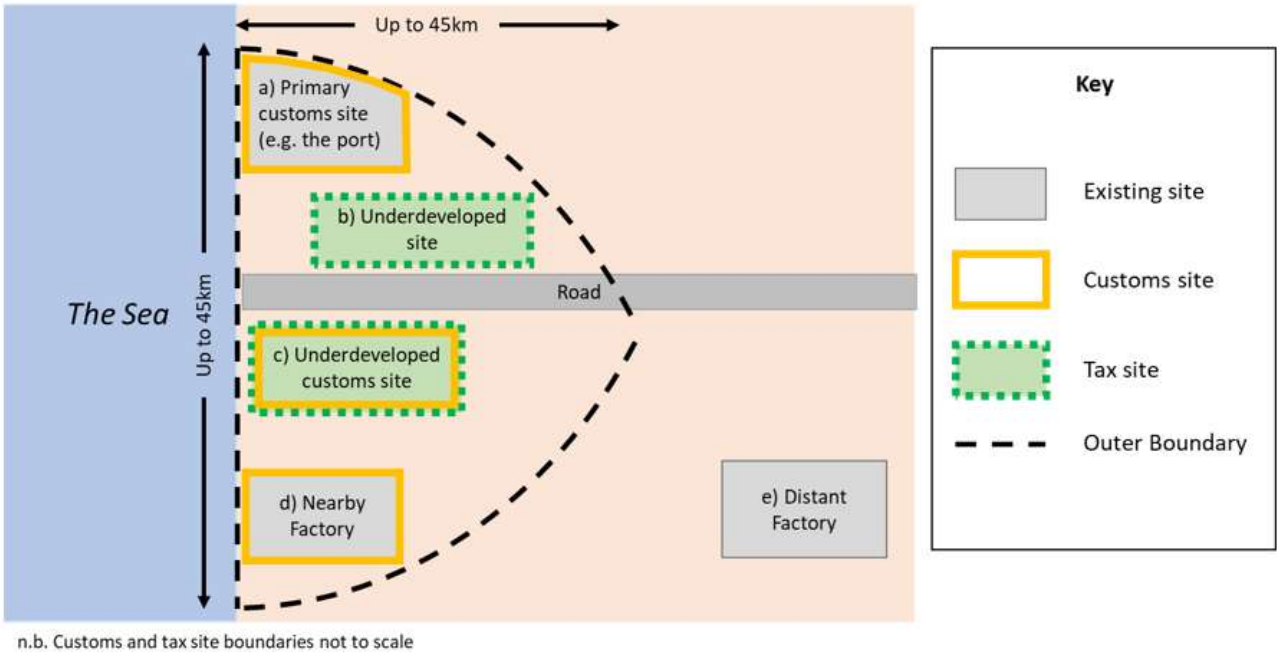

Figure 2: The Freeport model – a Freeport with the Outer Boundary, customs sites, tax sites and existing sites labelled. Customs and tax site boundaries not to scale.

3.1.3 The above shows a hypothetical Freeport focused around a seaport. It is demarcated with an Outer Boundary containing:

a. a primary customs site around the seaport – site a) which, in this case, is not within the tax site, so businesses inside benefit from the customs measures, but not tax measures

b. additional “underdeveloped” land separate from the primary customs site – sites b) and c) where businesses in both sites will benefit from the tax measures

c. an additional customs site – site c) which is also part of a tax site so businesses inside benefit from both the customs measures and the tax measures

d. a nearby factory site – site d) which is an additional customs site but is not covered by the tax site, so businesses inside site d) benefit from customs measures but do not benefit from tax measures – as per site a)

e. a distant factory – site e) which is outside the Outer Boundary, so cannot be a customs site or part of a tax site without a special economic case for inclusion

Outer Boundary

3.1.4 Applicants must define an Outer Boundary in their application that reflects a coherent economic geography. The Freeport model is designed to support places, and the Outer Boundary ensures tax and customs sites are focused on supporting that clearly defined place. Applicants will need to provide clear economic rationale for why the Outer Boundary is defined as it is. Applications judged to be designed simply to maximise the area contained within the Outer Boundary without a clear economic rationale will fail the application process at the pass/fail stage.

3.1.5 Freeport Outer Boundaries should be no larger than a 45km circle, with no Freeport sites more than 45km apart, as demonstrated by the hypothetical multi-port Freeport in Figure 2. Applicants will need to submit a map with the Outer Boundary marked on it to delineate the geography of the Freeport.

3.1.6 We anticipate that all customs sites and tax sites associated with the Freeport will be contained within the Outer Boundary. However, the Welsh and UK Governments will consider bids proposing customs sites and tax sites outside the Outer Boundary, where this can be supported by a clear economic rationale. This should include a significant relationship between the activity in the proposed customs or tax sites outside the Outer Boundary, and the area within the Outer Boundary. Applicants must provide a written submission with clear and specific reasoning justifying such additional proposals.

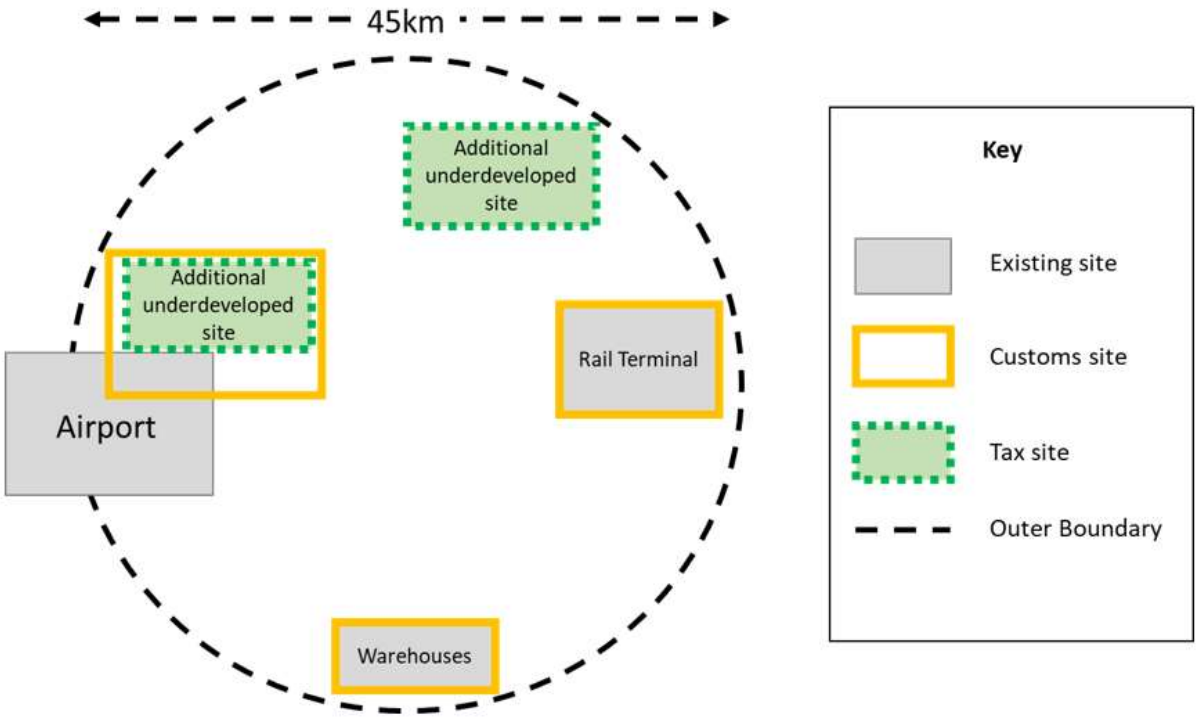

Figure 3: The Freeport model – a Freeport with multiple ports within the 45km Outer Boundary. Customs and tax site boundaries not to scale.

The Port

3.1.7 Applicants must include at least one port of any mode (sea, air, rail) within their Freeport Outer Boundary. The port does not have to be a tax site or a customs site. Applications without a port within their Outer Boundary will fail the applicant process at the pass/fail stage.

The Customs Site(s)

3.1.8 Applicants must include at least one customs site within their Freeport Outer Boundary, within which the customs benefits outlined in Section 3.3 will apply. Applications without at least one viable customs site will fail the application process at the pass/fail stage. Applicants must provide clear rationale for the customs site(s) including expected uses; outputs/benefits expected to be generated; and how they relate to each other and the wider Freeport.

3.1.9 Applicants may apply for as many customs sites within the Outer Boundary as they can deliver, so long as they are relevant to the Freeport area. To apply for multiple customs sites, applicants must submit a written justification for why additional sites are required and clear justification of every site's relationship to the wider Freeport. There is scope for customs sites outside the outer boundary provided a clear and rational justification is provided.

3.1.10 If a multi-site application is submitted, it will be approved conditionally on at least one customs site being viable, with any additional customs sites considered unviable, being removed or amended.

3.1.11 The UK Government is prepared to authorise customs sites in inland locations provided an economic relationship can be clearly demonstrated between the site and the port. The UK Government will consider customs sites of any size, so long as a clear economic case for the site can be made, and strict security requirements enabling HMRC and Border Force to monitor the sites effectively can be met.

3.1.12 We will expect applicants to meet the cost of establishing and securing all customs sites (primary and additional) according to these requirements. Overly expansive or inadequately secured customs sites will not be authorised.

3.1.13 The operator of the site (who monitors goods moving in and out of it) must be authorised by HMRC. Businesses that operate in the operator's site must also be authorised by HMRC. The process for becoming an approved site operator and Freeport business operator can be found on gov.uk. Applicants should ensure that the operator of each customs site is willing and able to undergo the relevant customs authorisation.

3.1.14 The operator could host multiple authorised businesses, creating a hub for trade – or the operator could host a single company, acting as both the operator and the business.

3.1.15 For more detail about the obligations and benefits of the customs offer, see Section 3.4 Customs.

The Tax Site

3.1.16 Bidders should aim for a single tax site to benefit from the tax offer. When there is an economic case to do so, applicants may define up to three individual areas as the location of the tax sites. New and existing businesses who expand or invest further within these tax sites may benefit from the tax reliefs outlined in Section 3.2.

3.1.17 A tax site can encompass all, or part, of the primary customs site and/or any additional customs site but does not have to encompass either. Tax reliefs will only apply in customs sites located within a Freeport tax site.

3.1.18 As with customs sites, tax sites should be located within the 45km Outer Boundary. However, if applicants are considering multiple tax sites and have a strong economic and geographic rationale for including a tax site outside the Outer Boundary because it has a significant relationship to the area within the Boundary, they may apply to do so. Applications which fail to provide justifiable reasoning for any proposed tax sites outside the Outer Boundary will be disadvantaged in the application process.

3.1.19 The tax sites:

a. should be underdeveloped, with reference to section 3.1.26

b. should be clearly delineated on a map – they should not be engineered to create a single site with the use of long and narrow lines (if there is an economic case for it there can be multiple sites, please see point c)

c. should encompass a single site within the Freeport of no greater than 600 hectares, or up to three individual sites aiming to be between 20-200 hectares. We will consider submissions that make an economic case for an individual site that falls outside the 20-200 hectares guideline, but the total area of the individual sites within the Freeport must not exceed 600 hectares. Those that do exceed 600 hectares will automatically fail the Freeport application process at the pass/fail stage

d. can have uneven boundaries, if that helps capture promising areas while cutting out areas that are more developed, so long as those sites are justifiably single and individual

e. do not have to be a single piece of land – for example, a single site could be two pieces of land split by a road. If there is no portion of land connecting the sites – for example, if they are split by a river, or residential property – we would consider these two separate sites unless very clear geographic and economic interconnection can be demonstrated. We are open to one single site containing multiple parcels of land split by a road, protected area or geographic feature (such as a river) so long as the parcels within the land can reasonably be considered one single site because geographic and economic interconnection between the sites can be demonstrated (e.g. travel between them is plausible)

f. do not all have to be owned by one owner – it can include multiple, separately owned parcels of land that all fall under the single delineated site. Applicants must provide evidence that landowners have signed up to the vision for the proposed tax site and will take appropriate steps to ensure development on the site aligns with the Freeport's objectives and those of the wider Freeport policy

g. do not need to be fenced – but it should have clearly identifiable boundaries (for enforcement purposes) and be clearly delineated on a map provided as part of the application

h. should ideally be located in areas with:

i. below the UK's national average GDP per head currently or over the last five years

ii. above the UK's average national unemployment rates currently or over the last five years

3.1.20 Applicants will need to provide evidence and justification as to why an area which does not meet the criteria in 3.1.19.h requires regeneration and would benefit from being a tax site.

3.1.21 Applicants that are successful will receive formal confirmation of the boundary for their proposed tax site(s), where tax reliefs will be available at the end of a separate tax site approval process. The final scope of the site will take into

consideration the ability of HMRC, and where appropriate Welsh Revenue Authority, to monitor the activity that takes place within this site effectively. Being awarded Freeport status in the initial bidding round does not constitute formal approval of the proposed tax sites. In most cases we anticipate that these confirmed sites will be of the same size as the original applications, however some adjustments may be needed to comply with the criteria in this document.

3.1.22 To minimise the risk of tax evasion or other criminal activity in the tax site, the Freeport governance body will be required to maintain a record of all of the businesses operating or applying to operate within the tax site. This record will need to be readily accessible by HMRC, Welsh Revenue Authority, the NCA, and Border Force operatives.

Justifying tax site locations

3.1.23 Applicants should submit an analysis explaining:

a. how their proposed sites are “underdeveloped” (see criteria below in 3.1.25)

b. if any proposed sites are not a qualifying area as set out above, why the proposed site(s) needs regenerating

c. how the tax measures will generate additional economic activity in the site(s) and create genuinely new economic activity

d. why the proposed site(s) are the optimal choice for the local area, representing good value for money

3.1.24 The assessment process will ensure that the criteria outlined in 3.1.19.b and c are met. Applicants should note the remaining criteria of 3.1.19 as these will provide supporting evidence for assessment of their chosen tax site(s). Applicants should also note the level of wastage of expenditure that will occur in these sites will be considered, to support our objective of generating additional economic activity.

3.1.25 Tax sites should be “underdeveloped” so that the tax measures support areas with economic potential, rather than already economically successful sites. Under this broad, economic definition, empty land, brownfield land, underutilised land with some construction and vacant premises are some examples of what might be considered “underdeveloped” so long as a good case is made. When justifying how their sites are “underdeveloped”, applicants should consider three main criteria underpinning our definition:

a. underutilised: tax sites should have sufficient viable, but unoccupied physical space that is yet to be developed or used; to allow new or expanding businesses to construct, renovate, purchase or lease new premises in the Freeport

b. potential investment growth: applicants should explain how Freeport status will lead to additional investment by new and/or existing businesses in the tax site(s) significantly above current levels

c. high quality job creation: applicants should evidence that their proposed tax site does not contain significant incumbent employment in relation to the local region. Applicants should then explain how Freeport status will lead to additional high-quality employment in the Freeport tax site(s) by new and/or existing businesses above current levels

3.1.26 Existing buildings with planned obsolescence within the timeline for Freeport tax sites can be part of the Freeport tax site. However, only new investments or employments, such as new investment funding the renovation of an existing building eligible for the Structures and Buildings Allowance (SBA), will be eligible to benefit from the tax offer.

3.1.27 In addition, applicants will also be required to explain how their choice of tax site location(s) minimises displacement of economic activity from wider local areas, especially other economically disadvantaged areas.

3.1.28 In the case that a substantial part of a proposed tax site includes existing or planned public sector facilities, the Government will be open to discussions on how these public sector facilities could be accommodated onto the proposed site without limiting the site's commercial viability.

Freeport Distribution

3.1.29 Ports of all modes: the model has been designed to apply effectively to areas with seaports, airports and rail ports. Every mode of port is welcome to make an application or form part of an applicant coalition.

3.1.30 Multiple Ports: we welcome applications that include multiple ports, including multiple ports of different modes.

3.1.31 If there are two or more ports located within the Outer Boundary distance which are interested in being part of a Freeport, and their economic activity affects one another and the region, they may be able to make a strong case for collaboration in support of the wider economic geography. However, proximate ports of different scale, or with different economic focus are also free to be part of separate applications, if they have a strong individual case for a distinct economic Freeport cluster.

3.1.32 Should applicants wish to include a port outside the Outer Boundary (because there is a strong economic rationale), they may present such a case for consideration.

3.2 Tax

3.2.1 Successful bidders will be able to access a range of tax reliefs comparable with the English Freeports offer once an Outline Business Case (OBC) has been agreed with both governments. The exact time in which businesses can apply and then benefit from tax reliefs is closely aligned to English Freeports and Scottish Green Freeports. The Welsh Freeport tax relief deadlines are outlined for each relief below.

Land Transaction Tax Relief

3.2.2 The Welsh Government proposes to offer a specific Land Transaction Tax (LTT) relief on relevant land transactions within qualifying tax sites in Wales where that property is to be used for qualifying commercial activity.

3.2.3 Legislation to provide for this is required to be laid before the Senedd and subsequently approved before any relief can be made available. As such, the timing for this is subject to confirmation.

3.2.4 Further details on the Welsh Government's proposals will be provided in due course, but for planning purposes the UK Government's relief for its equivalent tax is available for a period of up to five years.

3.2.5 Where relief is available, clawback provisions will apply in the event that land, or property, is not used for a qualifying purpose within a control period which will be set out in the legislation.

3.2.6 Applicants should note that as LTT policy is devolved, the details of relief may differ from the Stamp Duty Land Tax relief, based on the specifics of the Welsh approach.

Enhanced Structures and Buildings Allowance (SBA)

3.2.7 The UK Government intends to offer an enhanced SBA rate for firms constructing or renovating structures and buildings for non-residential use within Freeport tax sites in Wales. This accelerated relief will allow firms to reduce their taxable profits by 10% of the cost of investment every year for ten years, compared with the standard 3% p.a. over 33 1/3 years available nationwide. This relief would be claimable where qualifying expenditure is incurred, all associated construction contracts are entered into and the asset in question is brought into qualifying use between the date the tax site is designated and the expiration date of the tax relief.

3.2.8 Firms incurring qualifying expenditure can claim capital allowances as part of their income or corporation tax return. As is standard under the existing SBA, claimants will be required to retain an allowance statement to demonstrate eligibility for claims throughout the 10-year period over which relief can be claimed. This relief in Wales will be available where qualifying expenditure is incurred and the building or structure is brought into use by 29 February 2028.

3.2.9 The standard SBA capital gains clawback and anti-avoidance provisions will be maintained under the enhanced SBA in Freeport.

Enhanced Capital Allowances (ECA)

3.2.10 The new ECA the UK Government intends to offer in Freeport tax sites in Wales will provide enhanced tax relief for companies investing in qualifying new plant and machinery assets. This accelerated relief is intended to allow firms to reduce their taxable profits by the full cost of the qualifying investment in the same tax period the cost was incurred. Firms investing in the Freeport tax site would be

eligible to benefit from the relief where the qualifying expenditure is incurred after the tax site is designated until the expiration date of the tax relief. Assets eligible for relief must be for use primarily within defined Freeport tax sites.

3.2.11 Firms will access the measure by claiming capital allowances as part of their corporation tax return. This relief will be available until February 2028 in Wales.

3.2.12 As is standard for capital allowances, the Freeport ECA will feature a balancing charge in some situations where a purchased asset for which the ECA has been claimed is then later sold (disposed of). The standard disposal rules for capital allowances for plant and machinery will apply including, where appropriate, balancing charges.

Employer National Insurance Contributions (NICs)

3.2.13 The UK Government intends to enable employers operating in a Freeport tax site to pay 0% employer NICs, and from April 2023, the Health and Social Care Levy (employer NICs element) on the salaries of any new employee working in the Freeport tax site. This 0% rate would be applicable for up to three years per employee from the start of their employment on earnings up to a £25,000 per annum threshold.

3.2.14 An employee will be deemed to be working in the Freeport tax site if they spend 60% or more of their working hours in that tax site.

3.2.15 NICs relief will be legislated to be available to February 2028 in Wales. NICs relief across the whole UK Freeports Programme will then be reviewed part way through the programme and the UK Government shall consider further extension up to 2031. Employers will be expected to apply good practice in recruiting, managing and developing their people. However, the UK Government will ensure it has the power to prevent access to the relief for those employers found to be abusing this relief by manipulating their employment practices, for example dismissing staff specifically to benefit from it.

3.2.16 Employers will be able to claim the relief through the existing Real Time Information returns, and the UK Government will work with payroll software providers to facilitate this. Employers will be required to notify HMRC when an employee is no longer eligible due either to the three year per-employee eligibility period coming to an end, or to the employee or employer ceasing to meet the eligibility criteria.

Non-Domestic Rates Relief (NDRR)

3.2.17 Businesses may be eligible for up to 100% relief from non-domestic rates on certain properties and property improvements within designated tax sites. The intention is that this relief will be designed to support new businesses, and existing businesses when they expand into new or unused space. It would apply for up to five years from the point at which the beneficiary first receives relief. Applications

for relief must be received by 31 March 2028. Applicants should note that as Non-Domestic Rates policy is devolved, the details of relief may differ from the Non-Domestic Rates relief in England, based on the specifics of the Welsh approach.

3.2.18 Eligible firms will be able to apply to the relevant local authority, or local authorities, to access this relief.

3.3 Customs

3.3.1 Authorised businesses operating within Freeport customs sites can import goods for storage and / or processing with import duties suspended. They will only have to pay these duties where goods are then declared for home use in the UK. In doing so, they will usually be able to elect to pay duties on the imported goods either as they stood before (inputs) or after processing (finished good) in the customs site. Subject to the UK's trade agreements, businesses may also be able to take advantage of customs duty exemption on goods that are exported from a customs site. (Some Free Trade Agreements (FTAs) contain a Duty Drawback Prohibition. Duty drawback is refund of import duty when the goods are re-exported. This clause prohibits granting tariff preferences to goods that benefitted from duty drawback on third-country inputs. This means businesses have to choose between whether they want to benefit from the duty drawback or the preferential rates under the FTA (provided they meet the rules of origin test under that FTA). The UK has rolled over 15 FTAs that contain this prohibition.) They will also be able to suspend import VAT on goods entering the Freeport customs site and benefit from a VAT zero-rate in respect of certain transactions that take place within the Freeport customs site.

3.3.2 Authorised Freeport businesses importing goods subject to excise duty will be able to suspend payment whilst the goods are stored or processed within the customs site. Businesses will also be able to produce excise goods from raw materials under customs duty suspension (subject to being authorised under the existing excise production legislation).

3.3.3 Payment of any duty will follow general customs requirements (release to free-circulation) and UK duty is not due if the goods are exported. In addition, authorised businesses operating in a Freeport customs site will be able to use simplified import and export procedures. This model expands on existing customs facilitations and procedures available to business. 3.3.4 Authorised businesses operating in the Freeport customs site will be responsible for following the rules of their HMRC approval.

3.3.5 Operators of customs sites will need to obtain authorisation from HMRC. When authorised, the site for which they are responsible will need to be designated by HMG by statutory order. Applicants should ensure that the operators of all proposed customs sites are willing and able to undergo appropriate authorisation.

3.3.6 See full details on how to apply for authorisation to be a Customs Site Operator (https://www.gov.uk/guidance/apply-to-be-a-freeport-customs-site-operator).

3.3.7 See full details relating to Freeport customs sites (https://www.gov.uk/guidance/operating-a-freeport-customs-site).

Responsibilities of operators of customs sites

3.3.8 Principally, the operator of a Freeport customs site is responsible for the control of movement of goods and people in and out of the customs site. This will include ensuring that goods are only able to leave the Freeport customs site when the appropriate conditions have been met.

3.3.9 Operators of Freeport customs sites must adhere to the OECD Code of Conduct for Clean Free Trade Zones (https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0454) – and the specific anti-illicit trade and security measures therein. They will also need to maintain the current obligations set out in the UK's Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (https://www.legislation.gov.uk/uksi/2017/692/contents/made).

3.3.10 An operator of a Freeport customs site will be jointly and severally liable with a declarant for any import duty liability arising where there is a breach of any requirement of the Freeport customs site operator's authorisation in relation to the keeping of goods in the Freeport customs site. This is consistent with other authorisations.

Authorisation requirements

3.3.11 As set out in 3.2.8, applicants will need to set out any sites within the Freeport area they intend to use as a customs site. Each site will need to be designated before it can operate as a customs site and have an authorised site operator to run it. To get authorised as a customs site operator, the relevant business will need to meet the requirements set out by HMRC. Authorisation of the Freeport customs site operator is dependent on meeting the existing Authorised Economic Operator security and safety (AEO(S)) standards or the Freeport alternative. Customs site operators may also wish to apply for a temporary storage approval at their customs site. In doing so, they'll need to amend their customs site designation to reflect the arrangement.

3.3.12 See further details on authorisations (https://www.gov.uk/guidance/get-your-business-ready-to-use-a-freeport-customs-site).

Other customs authorisations

3.3.13 Infrastructure will be required by HMRC, Border Force and other government agencies to carry out checks in line with existing arrangements at ports. Freeport operators will be required to provide this infrastructure. Infrastructure may include, but not be limited to, examination facilities, potential sites to scan goods and vehicles, and a dedicated area to securely store goods.

3.3.14 Operators of Freeport customs sites may wish to facilitate Transit movements to and from their customs sites. To do this, operators may offer Transit facilities and Authorised Consignee and Consignor functions to businesses on site. This will offer a streamlined approach for businesses to start and end their transit movements within the Freeport.

3.3.15 To offer Transit facilities and Authorised Consignee and Consignor functions, operators will need to have the appropriate authorisations in place.

Future border requirements

3.3.16 The requirements will be regularly reviewed, and applicants will be expected to keep up to date with the requirements and co-operate with government agencies.

3.3.17 The UK Government recently published the 2025 UK Border Strategy (https://www.gov.uk/government/publications/2025-uk-border-strategy). One of the aims is to support "ports of the future" to make the experience smoother and more secure for businesses and traders. Applicants are encouraged to set out how they would be able to contribute to making a highly digitised process available for businesses and providing infrastructure that is resilient, multifunctional and facilitative.

Removal of authorisation

3.3.18 Operators of Freeport customs sites are always required to meet the conditions as set out in their designation. Failure to meet any of these conditions may result in revocation of their designation.

3.4 Seed capital, retained non-domestic rates, and local authority capital

Seed Capital

3.4.1 The successful applicant will have the opportunity to access seed capital funding of up to £25 million. The amount accessed will depend on the submission of an outline business case (OBC) and full business case (FBC), the quality of those business cases and the proposals strategic fit with the policy. Business cases will be approved by the Freeport Programme board with joint representation from Welsh Government and UK Government. We expect that any funding provided will be matched or part-matched by private sector investment, local authority borrowing and co-funding from other public bodies where relevant. When released the funding will be issued to the local authority within the Freeport governance body. They will be accountable to the Welsh Government for the expenditure and management of Freeport seed capital funding. Where there is more than one local authority on the governing body, a lead local authority will be identified.

3.4.2 Applicants should provide outline proposals for how they will spend seed capital funding within their Outer Boundary in order to contribute to the Welsh and UK Government objectives for the Freeport Programme and take account of the Welsh Government's Infrastructure Finance Plan (https://gov.wales/infrastructure-finance-plan-2021).

3.4.3 We expect proposals to be focused primarily on land assembly, site remediation, and internal small-scale transport infrastructure to connect sites within the Freeport to each other, the immediate surroundings, or other economic assets within the Outer Boundary. These should embed transport strategies, sustainable transport and investment hierarchies. Proposals for spending seed capital on skills, digital and/or other infrastructure will only be considered in exceptional circumstances. Seed capital **may not** be spent on security infrastructure for customs sites.

Non-domestic rates and local authority capital

3.4.4 Local authorities should also consider how they can use an uplift in non-domestic rates to cover borrowing costs for infrastructure (where relevant); re-invest in the Freeport tax site to generate further growth; or offset expected effects of displacement of local economic activity from disadvantaged areas.

3.4.5 It is intended that the local authority, or local authorities, in which the Freeport tax sites are located will retain the non-domestic rates growth for that area above an agreed baseline. This will be guaranteed for 25 years, giving local authorities certainty that they need to borrow to invest in the regeneration and infrastructure which will support further growth. Retained receipts should be used to cover borrowing costs (where relevant); re-invest in the Freeport tax site to generate further growth; or offset expected effects of any displacement of local economic activity from deprived areas. Bidders should set out the relevant local authority decision-making processes for agreeing how additional rates yield would be raised and how any retained yield will be reinvested.

3.4.6 Applicants should detail the costs of delivering their proposal, as well as the source(s) of funding (e.g. Freeport seed capital, private sector investment, local authority borrowing, co-funding), and application partner responsible for that cost in their response. As far as possible this should be broken down by financial year. Key delivery milestones should also be reflected in applicant responses as part of their implementation plan. Proposals should also detail community support, and any critical interdependencies.

3.4.7 To ensure resources in the local economy are used effectively, Freeport proposals should build on and add to existing partnerships and plans for the port, and complement pre-existing strategies such as Regional Economic Plans and Frameworks, Local Development Plans, spatial strategies and national, regional and local transport plans.

3.5 Wider government funding

3.5.1 Applicants should outline how their proposal could be complemented by funding from existing or additional upcoming funding rounds from across government. The Freeport proposal should be viable without these additional sources of unsecured funding, though government may choose to align allocations across funds where objectives and timing allows.

3.6 Innovation

3.6.1 Freeport applicants are key to creating an innovative environment for businesses. Proposals should highlight how their Freeport status can bring additionality to those already collaborating in the region. Both governments are particularly interested in private sector-led innovation within the Freeport, and innovation ambitions that contribute to the decarbonisation agenda or net zero.

Freeport innovation funding

3.6.2 It is expected that all partners seek opportunities to access wider innovation funding. Applicants should set out their initial ideas for how this funding could be delivered, as well as any industry commitment they have secured to invest in innovative activity or the testing of new technologies.

3.6.3 The official Welsh Government "Business Wales (https://businesswales.gov.wales/?_ga=2.260454853.915989740.1653405238-1175313466.1653044911)" website provides the ability to search for support across Wales. Additionally, the UK Government portal "Apply for innovation funding (https://www.gov.uk/apply-funding-innovation)" provides a similar opportunity to search for UK-wide support, including Innovate UK funding to help commercialise ideas and grow through innovation and UK Research and Innovation's (UKRI's) website which outlines current UKRI funding opportunities (https://www.ukri.org/funding/funding-opportunities/).

Freeport collaboration hub

3.6.4 The Freeport Programme in Wales should enhance local and national innovation ecosystems ensuring collaboration is supported in line with the Freeport objectives. Applicants should set out their proposals to establish the Freeport as a collaboration hub, including as far as possible, a coherent plan for engaging with local leadership to help them accelerate economic growth through R&D, any plans to establish new facilities or link with existing facilities, facilitate skills development, and promote Freeport-specific research programmes.

Freeport regulatory innovation

3.6.5 We are committed to working together to ensure the Freeport model maintains the high standards set in Wales and the UK with respect to security, safety, workers' rights, data protection, biosecurity and the environment, while ensuring fair and open competition between businesses.

3.6.6 However, the government recognises that regulation in some cases can be challenging to navigate for innovative firms as they develop, test and apply new ideas and technologies in some sectors.

3.6.7 Therefore, we will facilitate engagement between the Freeport and relevant regulators through a “Freeport Regulation Engagement Network” (FREN). The FREN’s exact operation in Wales will be confirmed after the competition concludes, but FREN will:

a. enable an early engagement process between innovative businesses and regulators

b. support businesses on regulatory issues, minimising bureaucracy and uncertainty

c. generate ideas to engage businesses and regulators on areas of potential opportunity

d. identify opportunities for regulatory flexibility and new regulatory sandboxes

3.6.8 In outlining their innovation ambitions, applicants should outline how they would look to take advantage of the Freeports Regulation Engagement Network to support these proposals; for example, how they would benefit from an early engagement process with specific regulators.

3.7 Trade and investment support

3.7.1 Applicants should outline what specific trade and investment support measures they believe would benefit a Freeport in their area. Proposals should emphasize the type of support required and the frequency and timing of said support. The longevity of the support over the first five years of the Freeport’s operational life should also be included.

3.7.2 The Welsh Government and its agencies will work with the successful applicant and the Department for International Trade to ensure a workable business support programme is developed to attract companies that may be considering locating within a Freeport. This will be complemented by a range of investment support services within the existing portfolio provided by the Welsh Government and its agencies and the Department for International Trade.

3.7.3 Applicants should demonstrate an independent Trade and Investment function within the Freeport proposal. This should be adequately staffed, properly financed and contain requisite expertise. The proposal should demonstrate the functions a Freeport will provide and how these will intersect with existing Trade and Investment services across the Welsh Government and from within DIT. For example, working together to identify and package opportunities for development of real assets which may be attractive to capital investors internationally.

3.7.4 Trade and Investment activities should be matched with the sectoral proposition. Applicants should show knowledge and understanding of the competitor environment and should include the applicant’s strategy for competing

successfully within their chosen market(s).

3.8 Planning

The Place-based planning approaches

3.8.1 Future Wales - The National Plan 2040 provides the national development plan context for Freeport applications in Wales. Demonstrating compliance with Policy 1 - National and Regional Growth areas and Policy 10 – International Connectivity will be important for all Freeport applications. Applicants will also need to demonstrate how their proposals align with the most up-to-date edition of Planning Policy Wales (https://gov.wales/planning-policy-wales) and associated Technical Advice Notes.

3.8.2 In addition to the national planning context, local authorities should consider the application of local placed based tools such as Simplified Planning Zones or Local Development Orders. Both Simplified Planning Zones and Local Development Orders can provide greater certainty to business by removing the need to apply for planning permission for developments covered by the order.

3.8.3 Applicants will need to demonstrate relevant stakeholder support for their proposals to ensure successful delivery. Applicants should consider the planning needs across the entirety of the outer boundary particular those associated with the tax sites, seed capital projects, customs sites and any other supporting investment.

3.8.4 The relevant local authorities must:

a. be part of the application coalition

b. have discussed the fit with relevant development plans and policies (and the potential use of place-based planning approaches referred to above) as part of compiling the application

3.8.5 Such cooperation will help to ensure development proposals progress smoothly through the planning system. Applications should demonstrate local authority support for commercial property development within tax and customs sites, to support their growth. Proposed development will be subject to local planning approvals where necessary.

3.8.6 We welcome applications which present innovative development proposals, including those that are forward leaning on using available land to bring forward infrastructure and support businesses that further the Welsh and UK Governments' net zero ambitions.

3.8.7 For each relevant site successful applications should:

a. explain the current planning status including status in relation to Future Wales and the local development plan

b. explain the planning needs for the anticipated development

c. detail how these development needs will be met, including what options have been considered

d. explain the steps taken (or planned) to engage with local communities to consider how proposals will maintain and enhance where possible the quality of the locality within which the proposal is located

e. explain how any relevant requirements for environmental assessment will help to mitigate any adverse impacts and offer net positive environmental benefits. Applications can also usefully indicate whether any early engagement with key agencies has been undertaken as part of this

f. provide evidence of early discussions with planning authorities on the potential use of place-based planning tools

Section 4. Delivery Requirements

4.1 Alignment with the Wellbeing of Future Generations (Wales) Act 2015

4.1.1 The Wellbeing of Future Generations (Wales) Act 2015) (https://www.futuregenerations.wales/about-us/future-generations-act/) applies to all local authorities in Wales, so applications should set out how the local authority, or local authorities, involved would comply with the legislation when supporting the delivery of a Freeport.

4.1.2 Applications should show how their proposals would contribute to the seven National Wellbeing Goals:

(1) A prosperous Wales

(2) A resilient Wales

(3) A healthier Wales

(4) A more equal Wales

(5) A Wales of cohesive communities

(6) A Wales of vibrant culture and thriving Welsh language

(7) A globally responsible Wales

4.1.3 Applicants should consider which of the 46 National Wellbeing Indicators are relevant to their proposals and, where possible, provide an estimate of the degree to which their proposals would make a positive difference against those Indicators.

4.1.4 Applications should also show how delivery of the proposals would adhere to the five Ways of Working in the Act:

(1) Collaboration

(2) Integration

(3) Involvement

(4) Long-term

(5) Prevention

4.2 Alignment with decarbonisation and environmental goals

Driving the decarbonisation agenda

4.2.1 The Freeport Programme has great potential to contribute towards achieving the Welsh and UK Government's decarbonisation agenda and net zero ambition. Applicants must present an outline decarbonisation plan for the Freeport including how Freeport status will unlock decarbonisation opportunities for existing businesses. This should be followed by a robust plan of action setting out how they intend to contribute to meeting net zero carbon emissions by 2050, including how they can facilitate decarbonisation of a Freeport following designation.

4.2.2 An applicant's approach to planning will:

a. work from established, clearly defined baselines for emissions, environmental impact and climate risk management, ensuring that the ambition they have set, and the progress being made against those ambitions, will be publicly available

b. set targets and milestones for emissions reductions and economic growth and wellbeing in a net-zero economy

c. identify and sequence key actions (enablers, barriers, dependencies), opportunities and partners across different actors to enable collaboration. This must include consideration of emerging technologies and supply of alternative fuels.

4.2.3 Full details of the monitoring of decarbonisation plans for the Freeport Programme will be set out for the successful applicant as part of the final designation process for Wales. Applicants must detail how they will approach meeting all relevant environmental regulations and both Welsh and UK Government commitments. Following designation, we will look for detailed, achievable action-focused plans for decarbonisation in support of a net zero economy. Within that, applicants will be required to provide both a timeline and realistic programme of work for achieving these decarbonisation goals.

4.2.4 As part of the assessment process, applicants should outline how their sustainable Freeport proposal aligns with both Governments' net zero policies both operationally and links to wider benefits such as stimulating innovation.

Embedding environmental sustainability

4.2.5 Freeport applications must outline how their proposals will comply with all applicable environmental regulations and standards with pertinence to air and water quality, waste management, chemical treatment and handling; and any additional assessment of impacts on protected sites and species including mitigation. Applications that demonstrate the potential for net positive environmental benefits will be looked upon more favourably than those that only seek to achieve the minimum necessary regulatory compliance.

4.2.6 It is essential that the Freeport is bio-secure and ensures robust adherence to sanitary and phytosanitary (SPS) standards. The Welsh Government will provide future operators with guidance on adherence to SPS standards and the role of a Border Control Post for the performance of controls to protect public, animal and plant health. Freeport applications will be assessed by the Welsh Government to assure proposals are sufficient for the port to act as a Border Control Post in cases where such facilities are required.

4.2.7 The successful applicant must carry out a Welsh Government Integrated Impact Assessment, which will include an Environmental Impact Assessment and Biodiversity Impact Assessment before planned development can proceed and public funds or tax measures are authorised. This will include meeting Green Book requirements for estimating the whole life carbon emissions impact of the proposal, monetising this according to BEIS carbon factors (in £/tonne) and including this in the Economic Case. Successful applications will also be asked to demonstrate how resilience to future climate change has been considered, with reference to the latest supplementary guidance to the Green Book on ‘Accounting for the Effects of Climate Change’, and the Welsh Government’s ‘National Strategy for Flood and Coastal Erosion Risk Management’.

4.3 Preventing illicit activity

4.3.1 The Freeport Programme must adhere to the OECD Code of Conduct for Clean Free Trade Zones and the specific anti-illicit trade and security measures therein. The current obligations set out in the UK’s Money Laundering Regulations 2017 must also be maintained.

4.3.2 Customs sites for successful bidders will need to go through HMRC and Border Force authorization. These bodies will be able to withhold or withdraw authorisation if individual sites have not met the required standards.

4.3.3 The Freeport governance body will need to maintain a record of all the businesses operating, or applying to operate, within the tax site. This record will need to be readily accessible by HMRC, the NCA, and Border Force operatives. It will also need to be kept up to date and contain information about the beneficial owner of the business.

4.3.4 The Freeport governance body will be required to undertake reasonable efforts to verify the beneficial owner of businesses operating within the tax site. HMRC and Border Force will use this information to perform checks on the

businesses, for example criminal records, before authorising operation within the tax site. There will not be a mandated form of physical security for the tax site; however, applicants are asked to set out plans for the security of the tax site as part of applications.

4.3.5 The Freeport governance body will also be required to actively manage security risks across physical, personnel, and cyber domains, and to work with the Welsh Government, HMRC, Border Force, the NCA, Home Office and other relevant agencies and government departments to conduct an annual audit of the security measures in place and any breaches.

4.3.6 As part of applications, bidders are asked to set out what steps they will take to ensure that the customs sites and tax sites in their proposed Freeport will be secure against illicit activity, including organised criminal activity, money laundering, smuggling and people trafficking. Applicants are also asked to consider their proposed approach to inventory systems, physical security, personnel, cyber threats, international regulations (e.g. the Convention on the International Trade in Endangered Species), supply chains and customs sites. Applicants that do not show adequate consideration of steps to prevent illicit activity will not be considered for Freeport status.

4.4 Freeport governance structures

Overview

4.4.1 The Welsh and UK Governments do not require applicants to have formal governance in place at the point when they apply, or successful bidders are announced. However, we expect and encourage application coalitions to form around a shared vision for the Freeport, with informal steering groups to help bring involved parties together, delegate the work of completing specific requirements, and shape applications collaboratively.

4.4.2 However, the Welsh and UK Governments do consider that successful delivery, implementation and monitoring of a Freeport will ultimately require a per-Freeport governance structure overseeing a Freeport location. Applicants are therefore required to set out their proposals for a future Freeport governance body to oversee their Freeport. The Welsh and UK Governments will assess those plans using the criteria below as one part of the deliverability criterion.

4.4.3 The successful applicant will be expected to work with the Welsh and UK Governments to ensure the governance of the winning Freeport is robust. This work may involve ports adapting all, or part, of their proposals.

4.4.4 Once set up, a Freeport governance body will then work with representatives of the Welsh and UK Governments Freeport team to ensure the Freeport stays aligned with Welsh and UK Government policy. These representatives will offer support including contacts to relevant Welsh and UK Government departments and public sector bodies. The Freeport's governance body should have clear owners and channels for the three main objectives of Freeports.

Requirements for a future Freeport Governance Body

4.4.5 When applicants set out their preferred governance structure, the Welsh and UK governments are open to any degree of formality and legal structure so long as the proposal:

a. provides a clear justification for the level of governance structure required to deliver the Freeport application

b. evidences clear and proportionate commitments from both private and public sectors to meeting the Freeport operating costs

c. contains a decision-making structure which preserves the local authority ability to be meaningfully accountable for the spending of public money

d. meets our three core standards on:

i. effective structure

ii. effective personnel

iii. effective functions

Accountability

4.4.6 While the Freeport governance body is responsible for effective delivery of the Freeport according to an economic strategy determined through the application process, the local authority or authorities contained within the governance body will be accountable to the Welsh Government for the expenditure and management of public money – in particular, the Freeport seed capital funding.

4.4.7 The Welsh and UK Governments welcome appropriate proposals for Freeport governance bodies to take the form of Special Purpose Vehicles (SPVs). However, depending on the exact legal status of the SPV, it may take the Welsh and UK Governments longer to agree an Outline Business Case to ensure the appropriate assurance processes are in place.

4.4.8 However, regardless of the status of the Freeport Governance Body, applicants should make clear in their proposal how their structure preserves the ability of a local authority to be meaningfully accountable for the purposes of spending and managing public money.

Effective Structure

4.4.9 At a minimum, proposals must:

a. identify a chair of the Freeport governance body

b. be clear how decisions will be made within the Freeport governance body (for example: who votes, thresholds for decision-making, chair powers, powers of veto, workforce representation)

c. be clear how the proposed structure will support effective decision-making, enabling delivery of Freeport at pace

d. identify effective personnel

4.4.10 At a minimum, any Freeport governance body must include the port(s) involved - to ensure economic focus on port regions - and the local authority where the Freeport is located - to receive and be accountable for any regeneration funding and deliver key measures. Proposals without these stakeholders will not be accepted.

4.4.11 Beyond this, Freeport governance bodies should reflect the collaborative application coalition required to fully deploy the wide range of measures offered in order to deliver the Freeport policy objectives. The Welsh and UK governments therefore encourage applicants' proposals to include representation from the following six groups of stakeholders if and where possible:

a. any landowners who own land on which tax and customs sites are designated

b. any operators of customs sites

c. firms, investors and public sector bodies who do or will operate within customs and tax sites

4.4.12 Applicants may also wish to consider including representation from other interested stakeholder groups where appropriate, including:

a. the Corporate Joint Committees

b. innovation stakeholders such as universities, Catapult centres or business support hub leads from a REP/local authority

c. Relevant social partners (businesses and trade unions).

4.4.13 As part of our assessment criteria, applications that demonstrate the support of these groups and their inclusion in a Freeport governance body, with clear rationale for their role in delivery of the Freeport, will be rewarded in the assessment process.

4.4.14 However, to ensure streamlined decision-making in governance bodies, any proposal for a board with more than 12 permanent members will be disadvantaged in the application process unless it provides clear justification for its size (for example, a complex application from multiple ports including multiple port operators, landowners and local authorities). Co-optees on boards beyond the 12 permanent members are also permitted so long as they are time-limited and clear justification for their presence is provided.

Effective functions

4.4.15 At a minimum, Freeport governance bodies must be able to complete the following 10 functions:

a. ensure the Freeport is marketed effectively to procure private investment into the Freeport from sources that are acceptable to both governments

b. provide appropriate and ongoing support to investors who commit to the Freeport to help deliver their investment

c. ensure investors and business within the Freeport are complying with the standard conditions

d. coordinate and facilitate submissions for place-based innovation or challenge funds and regulatory support from Freeport firms

e. monitor and maintain integration with local economic strategies

f. facilitate effective voice for workers through a strong recommendation that a Workers Consultative Forum be established, with a remit for representing the interests of workers across the Freeport. Bidders may want to consider the involvement of relevant trade union(s).

g. formally report to the Welsh and UK Governments through the area lead periodically and at least annually on how the Freeport is delivering on the strategy set out in their winning application

h. comply with the Welsh and UK Governments requirements on monitoring and evaluation (such as data collection and provision regarding new jobs, businesses created, and private investment attracted)

i. ensure security risks are actively managed across physical, personnel, and cyber domains, and work with Welsh and UK Governments, HMRC, Border Force, the NCA, and Home Office to conduct an annual audit of the security measures in place and any breaches

j. have appropriate measures in place to prevent fraud and to provide assurances that public money is well spent and accounted for

4.4.16 The Welsh and UK Governments are open to suggestions from applicants as to how best to achieve these 10 functions. We also welcome governance proposals with additional functions so long as those functions are justifiably demonstrated to be facilitating a successful Freeport.

Capacity funding and technical support

4.4.17 The Freeport Programme will be entirely self-funding in the medium term, with proportionate contributions from both private and public sector local partners. However, up to £1 million of short-term revenue funding will be made available to a Freeport once a successful location has been announced.

4.4.18 The purpose of this funding is to help cover setup costs – including the development of a Freeport business case and the establishment of robust local governance arrangements – prior to key income streams for the Freeport coming

into effect (e.g. from the tax or customs site tenants). The expectation is that this funding will supplement, rather than replace, cash and in-kind contributions from local partners during this period.

4.4.19 Release of this revenue funding will be subject to a Freeport adequately demonstrating to both governments a need for this funding and that suitable governance arrangements are in place locally for managing it and overseeing the setup phase, leading up to business case approval.

4.4.20 In addition to this funding, the Welsh and UK governments will make available to a Freeport some centrally procured technical support. This support may comprise of:

a. independent, expert advice as a Freeport develops their business cases and prepares for delivery

b. opportunities for peer learning and the sharing of best practice, including products or advice regarding areas of interests across some or all of the Freeports in other parts of the UK

c. advice and support to the overall Freeport Programme

d. troubleshooting advice, available to support in addressing critical delivery issues faced by a Freeport

4.5 Management and capability

4.5.1 Applicants will also need to set out the robust arrangements they will put in place to ensure successful delivery of their Freeport project at pace. Applicants should evidence that delivery of the Freeport will be managed in accordance with best practice, with the necessary arrangements put in place for managing risk.

4.5.2 To do this, applicants should provide:

a. an implementation plan

b. a risk management framework

c. a written submission on management and capability

d. contact details for the Senior Responsible Officer for the programme

Implementation plan

4.5.3 Applicants must provide an implementation plan (in some form of diagram), setting out the steps which must be completed in order to deliver their Freeport strategy. They should describe how, when and by whom the specific milestones or set of targets will be achieved. The most up-to-date version of this plan, as well as further written details of the plan, should be summarised and attached to the application.

4.5.4 At a minimum, this implementation plan should include:

a. the outcomes to be delivered, and by when

b. the activities and key milestones required to deliver them

c. when activities will occur including timelines to customs and tax site operation

4.5.5 Exceptional applications will also provide significant detailed analysis of how the identified project milestones will be delivered to timescales, costs, and quality, including:

a. the resources and time needed for all activities, and any need for people with specific capabilities and competences

b. the critical dependencies between activities, associated constraints, and sequencing

c. the points at which progress will be monitored, controlled, and reviewed

Risk management framework

4.5.6 Applicants should provide a short risk management framework for identifying, avoiding, mitigating and actively managing risks throughout the delivery of the Freeport, including a risk register spelling out any initial key risks identified. This framework should establish an organisational culture that supports well-thought-out risk-taking and innovation to ensure the Freeport is ambitious and successfully achieves the objectives.

4.5.7 The risk management framework should outline appropriate arrangements for the management of these risks, such as the respective roles and responsibilities of those in the Freeport governance body.

4.5.8 The register should indicate how these initial risks can be avoided, mitigated and actively managed. It should be updated and reviewed continuously throughout the course of the project.

Written submission

4.5.9 At a minimum, applicants should provide a firm written commitment from the port, the associated local authority or authorities and local political leaders to support their private sector partners in the effective, timely delivery of the Freeport.

4.5.10 Applicants looking to demonstrate high levels of management capability should provide a broader written submission contextualising their implementation plan, which sets out:

a. greater detail regarding the choice of milestones

b. greater evidence on timings

c. greater detail on costs

d. greater detail on how the programme will effectively manage delivery risks and issues, including unexpected rising costs

e. greater evidence on contingency arrangements and plans if any risks identified are realised

4.6 Equalities impact

4.6.1 When formulating a policy proposal, the Welsh and UK governments are required to have due regard to the Public Sector Equality Duty (PSED) as laid out in the Equality Act 2010, Section 149. The duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between people with different protected characteristics when carrying out their activities.

4.6.2 Applications should demonstrate how the local authority, or local authorities, involved have applied the Welsh Government's Socio-economic Duty (https://gov.wales/socio-economic-duty-guidance) to their bid proposal and how they will continue to apply the Duty throughout the implementation of a Freeport.

4.7 Subsidy control

4.7.1 The Freeport offer set out in this prospectus will be subject to the UK's domestic subsidy control regime, as well as our international subsidy control obligations such as those under the UK-EU Trade and Cooperation Agreement, and our obligations under other negotiated FTAs.

4.7.2 Potential subsidy recipients may wish to read the Subsidy Control Guidance to understand the obligations placed on public authorities and how it affects them.

4.8 Monitoring and evaluation

4.8.1 Rigorous monitoring and evaluation will be key to the success of a Freeport.

4.8.2 A Freeport will need to collect data on reliefs and their realised outcomes, including actively monitoring the effectiveness of tax reliefs. The focus of both Governments is to encourage business investment and create new economic activity in the Freeport, rather than displace local economic activity from disadvantaged areas.

4.8.3 Applicants will need to provide details on their plan for collecting and sharing this data. This should include a point of contact, resourcing and funding to an independent provider who will conduct the monitoring and evaluation.

Section 5. Application

5.1 The Freeport application process

5.1.1 The Welsh and UK governments have both committed to implementing the Freeport Programme in Wales. The allocation of the programme will be through an open, transparent, competitive application process. The selection process will be jointly run by the Welsh and UK governments. This chapter sets out for applicants exactly how that process will work.

5.1.2 The UK and Welsh governments have committed to delivering one Freeport in Wales. However, both governments remain open to consider designating an additional Freeport in Wales if sufficient exceptional proposals were presented.

5.1.3 Applicants must develop a proposal for a Freeport which delivers outputs that support the outcomes associated with the Welsh and UK governments' objectives (set out in Section 2), by making use of the powers, tax reliefs and funding streams (set out in Section 3). They should demonstrate their ability to deliver this proposal effectively at speed (meeting requirements set out in Section 4).

5.1.4 All applicants should register their interest in applying for Freeport status (https://forms.office.com/r/VfNkV0PzrC). Please note that only one registration form should be completed per Freeport application. Further instructions on accessing the bidding portal and submitting supporting information will be provided upon registration. Please note that this information may take up to a week to be provided, from when interest is initially registered. Applicants should answer all questions set out in the online portal and follow instructions provided. Details of the information that applicants will need to provide have been provided throughout this prospectus and are also set out in Sections 5.6, 5.7 and 5.8 below. If you are having technical difficulties with the portal, please contact Freeports@gov.wales.

5.1.5 The application process structure and timeline are outlined below:

Date	**Milestone**
1 September 2022	Freeport bidding prospectus and competition opens.
October 2022	Any potential applicants will be able to contact Freeports@gov.wales to request clarification on any of the content of the bidding prospectus until 5pm on 13 October 2022. A summary of answers will be published online no later 5pm on 27 October 2022. All questions and responses will be public, and individual correspondence will not be entered into, so applicants should not include any commercially sensitive information. Please note that we shall provide answers to questions regarding the technical aspects of submitting and uploading bids and other questions that do not relate to the underlying policy after the 27 October deadline.

Date	Milestone
November 2022	Applicants will provide the information described in Sections 5.6 to 5.9 to the Welsh and UK governments via the online form by 6pm on 24 November.
Winter 2022	Essential information submitted by applicants will firstly be assessed by officials according to pass/fail Gateway criteria set out in Annex A. Applications which pass these will then have their entire submission (including the detailed application information) assessed against 5 criteria (see 5.2.4). Based on this assessment, officials will then present a longlist of appointable candidates to ministers (see 5.3.2).
Early Spring 2023	Ministers will make the final decision on the successful Freeport location, taking into account officials' assessments and the additional rationale stated below. The successful applicant will be announced. Once the successful applicant is announced, both governments will publish the rationale for their selection under this process.

Date	Milestone
Summer 2023	The successful applicant will: receive funding to support them to set up their Freeport governance body, and work with both governments to do so - develop an Outline Business Case for the seed capital regeneration funding in line with HMT Green Book guidance, which will be submitted to both governments for approval; support will be provided by Welsh and UK government officials, including from departments with relevant expertise, and contractors - work with the Welsh Government, HMT, and HMRC to review and confirm the boundaries of their proposed tax sites, through a tax site assessment process (linked to information provided in the OBC), prior to approval and designation of tax sites. Tax site designation is conditional on OBC approval - begin the HMRC-run authorisation process for operators to run customs sites, and for businesses to operate within them (in order to obtain authorisation applicants may need to make investments to meet the requirements for HMG authorisation) Government may also publish further guidance at this stage.
2023/24	Depending on the Value for Money of the Outline Business Cases, Full Business Cases will either be assured locally or by both governments. Successful assurance will result in a grant being made to the supporting local authority. Subject to the passage of legislation relating to tax and customs benefits (e.g. the designation of the proposed tax and customs sites), relevant benefits will become available at this point.

5.2 Applicant assessment

5.2.1 Applicants must provide the information requested so both the Welsh and UK governments can fairly and effectively assess all applications. Bids will be accepted in both English and Welsh. We expect and encourage Freeport application coalitions to delegate responsibility for developing different parts of the application information to different parties - whether ports, local authorities or other members of the Freeport application coalition - where appropriate, to help coalitions manage workloads and submit the best possible application. Applicants must provide one application per proposed Freeport, with information in response to four sets of questions (all via the online portal):

a. applicant information set out in 5.6

b. supplementary information set out in 5.7

c. essential gateway criteria information, set out in Section 5.8 – this is the minimum information necessary to adequately define the extent of the Freeport

d. detailed application information, set out in Section 5.9 – this covers the proposals for the implementation and delivery of the Freeport

5.2.2 The essential information will be subject to a pass/fail assessment. Applicants who do not provide this information, or meet these requirements, will fail the initial pass/fail assessment and will not be assessed any further. The pass/fail descriptors are in the Mark Scheme at Annex A.

5.2.3 Where an applicant's response provides all the information required under 5.8 to a satisfactory level, we will then assess the information provided as part of 5.9.

5.2.4 Applicants will be assessed against each of the five criteria:

a. ability to deliver the objective "promote regeneration and high-quality job creation"

b. ability to deliver the objective "establishing hubs for global trade and investment"

c. ability to deliver the objective "fostering an innovative environment"

d. deliverability of proposal effectively at pace

e. level of private sector involvement in the proposal

5.2.5 This stage will result in an assessment as "low", "medium" or "high" in accordance with the mark scheme at Annex A. This will then be aggregated by a weighted average to create a score against each of five criteria. The weighting that each question will bear in determining the assessments against each of the criteria is set out in Section 5.9. In marking the answers to the questions, both the Welsh and UK governments will also consider any relevant information provided in 5.7 and 5.8, as well as any publicly available data (e.g. the Welsh Index of Multiple Deprivation) to test any assertions in the answers provided.

5.2.6 All applications that pass the assessment of 5.8, will be shared with ministers. However, ministers will choose from a list of appointable applications, and applications will only be presented to ministers as being appointable if they achieve, at a minimum, both of the below:

a. at least a "medium" on government's lead criterion, "promote regeneration and high-quality job creation" criteria;

b. no more than one "low" across the five criteria

5.3 Application selection

5.3.1 Freeport selection will be a joint decision-making process between Welsh and UK government ministers.

5.3.2 Ministers will meet to discuss the selection of the successful applicant from the appointable list based on assessment against the five criteria set out in 5.2.4. In addition to the assessment criteria at 5.7, 5.8 and 5.9, ministers will also factor into their decision-making context-sensitive information that impacts upon the objectives of the Freeport policy. As these factors are limited, the relevant additional considerations that may be considered are:

a. context which may change:

i. accounting for changing macro or regional economic trends such as COVID-19

ii. aligning with future publications such as the National Planning Framework 4

iii. aligning with subsequent Welsh and UK Government investments made since September 2022

b. context ministers can only account for once all proposals are received:

i. reserving the right to select exceptional proposals without existing customs infrastructure or with overly expansive plans (e.g. sites beyond the Outer Boundary limit)

ii. reserving the right to ensure a fair spread across Wales.

5.3.3 If any tax or customs site in any of the Freeport applications received is located within a minister's constituency, or a member of an application coalition pertains to a minister's personal or business interests, the minister will act in line with the relevant Ministerial Code. Ministerial decision-making will only take into account officials' assessments and the additional rationale stated in paragraph 5.3.2.

5.3.4 After the successful applicant is announced, the Welsh and UK governments will publish the rationale behind their selection according to the process laid out in this chapter.

5.4 Post-assessment steps for the successful applicant

5.4.1 An Outline Business Case will give further information on how the proposal will be delivered. In particular it will:

a. set an outline allocation of a Freeport's seed capital

b. set an outline allocation of further technical and capacity support

c. define the zones in which tax reliefs will apply, as well as detailed information on why the proposed sites comply with the tax criteria outlined in this document

d. confirm local commitments of funding, planning, and other resources

e. set a deadline by which the Full Business Case should be developed

5.5 English Freeport OBC and FBC guidance

5.5.1 Guidance on developing a Freeports Outline Business Case (OBC) and Full Business Case (FBC) will be published in due course. The English OBC and FBC Guidance can be found here (https://www.gov.uk/government/publications/english-freeports-full-business-case-guidance). We encourage bidders to review this in advance of the publication of the guidance for Wales, as it gives some indication of the delivery requirements for Freeports. However, applicants should note that as the policy context and geography of Wales is different to England there will be some variances.

5.6 Applicant information

#	Question	Question Type	Word or file limit	Paragraph
1.1	Please submit a proposed name for your Freeport. This should clearly distinguish it from any other potential Freeport proposals.	Short text box	-	-
1.2	Please provide the name and contact details for the Senior Responsible Officer for the programme.	Short text box; email; address; tel.	-	-

5.7 Supplementary information

#	Question	Question Type	Word or file limit	Paragraph

#	Question	Question Type	Word or file limit	Paragraph
1.3	Bidders should set out how their bid aligns with the Welsh Government Well-being of Future Generations Act (2015). Bidders are also invited to outline how their bid will promote good community relations, reduce disparities amongst different groups, or strengthen integration across the local community. However, this information is voluntary.	Free text box	750	4.1
1.4	Please include any information that might assist the two governments to estimate the tax relief requirement of your bid.	Free text	500	3.3

5.8 Gateway criteria

#	Question	Question Type	Word or file limit	Paragraph

#	Question	Question Type	Word or file limit	Paragraph
1.5	Please upload the following pdf files legible at A3: - one map showing your Freeport Outer Boundary, no points on which should be more than 45km apart. Please indicate on this map, the locations of the tax site(s), customs sites, and any other sites which make up the application (e.g. infrastructure projects). In the case that there are outlying sites that do not fit within the 45km boundary please still indicate where the 45km boundary lies and mark the outlying sites clearly outside of the boundary. These must have a clear economic link to the main Freeport. - one map per customs zone defining its boundaries one map per tax site defining its boundaries (sites must be single and individual)	Upload .pdf legible at A3	50MB	3.2
1.6	Please also upload an ESRI Shapefile or Vector Geopackage version of each map to the SharePoint site	Upload submission of ESRI Shapefile or Vector Geopackage	25MB	3.2

#	Question	Question Type	Word or file limit	Paragraph
1.7	Please provide evidence (e.g. letters) that landowners have signed up to your vision for the proposed tax site, associated land use, and will take appropriate steps to ensure development on the site aligns with the Freeport's objectives and those of the wider Freeports policy. Please explain how and why government can have confidence that the tax site will be delivered in line with your vision.	Text box and file upload	250	3.1.19.f
1.8	For each customs site, please upload a signed letter from the site operator confirming that: - they are willing to be included in the application - they are aware that, should the application be successful, as site operator, they will be required to obtain the relevant authorisations from HMG before the site can be designated as a customs site - they are willing to undergo the authorisation process - confirm whether they consent for HMRC to share authorisation data with assessors If the operator already has HMG customs authorisations, they should state this in the letter. These letters must include the consent of the prospective CSO to check their authorisation.	File upload	-	3.3.7

#	Question	Question Type	Word or file limit	Paragraph
1.9	Please upload written confirmation of support for your application from your local authority or local authorities. The only mandatory signatories required from the leader of local authorities to pass the pass/fail are: - the local authority or local authorities which will be accountable to Welsh government for the Freeport's allocated seed capital funding - any local authorities in which a proposed tax site is located any local authority on whose planning process the Freeport proposal depends (e.g. development of a customs site)	File upload	-	4.5.9
1.10	Explain how your Freeport Outer Boundary represents a credible, coherent economic geography? Please provide clear rationale.	Free text	500	3.1.4
1.11	Please provide rationale for all proposed customs sites, including: - What you expect each customs site to be used for? - What outputs/benefits do you expect each site to generate? - How do they relate to each other and the wider Freeport?	Free text	500	3.1.8

#	Question	Question Type	Word or file limit	Paragraph
1.12	Does your Freeport propose any customs sites outside the Outer Boundary? If yes, please provide a written submission with clear and specific reasoning justifying such additional proposals and how it relates to the wider Freeport.	Y/N and Free text	300	3.1.9
1.13	Please provide clear economic rationale for the tax site(s), including: - an explanation for the proposed location(s) and why it represents good value for money - the management approach to each tax site - how tax measures will generate additional economic activity and how this aligns with the local sectoral vision - how your proposed sites meet the criteria for being underdeveloped and what works are required on site	Free text	There is a word limit of 200 words per bullet point listed.	3.1.23 and 3.1.25
1.14	How does the tax site's location mitigate displacement of local economic activity from other areas?	Free text	500	3.1.27

#	Question	Question Type	Word or file limit	Paragraph
1.15	Please set out how you will meet the minimum standard of security and infrastructure required in customs and tax sites before being able to operate as a Freeport in relation to organized criminal activity, money laundering, smuggling and people trafficking. Bidders must outline their proposed approach to: - inventory systems - physical security - personnel - cyber threats - international regulations (e.g. the Convention on the International Trade in Endangered Species) - supply chains and customs sites	Free text	750	4.3

5.9 Detailed application information requested from applicants

2. Criteria A, B & C: ability to deliver against Welsh and UK governments priorities and objectives

#	Question	Question Type	Word or file limit	D r / p

#	Question	Question Type	Word or file limit	D r / p
2.1	Please supply a diagram of a logic model which gives an overview of the links between the activities and inputs, outputs, outcomes and impact of your proposed Freeport model. Guidance on creating a logic model: Innovate UK, DFID 2011, DfT 2010, ODPM 2004	File upload	50 MB	2
2.2	Referring to the logic model and section 2 of the prospectus, please explain how your Freeport proposal will meet Welsh and UK Government objectives and achieve the desired outcomes listed in this prospectus? As part of your answer, please cover: - an executive summary of your proposed Freeport - how the outputs you expect your Freeport proposal to support or enable, will achieve the key outcomes associated with the objectives and principles set out in this prospectus. This should include reference to the activities that you, local authorities and businesses will undertake to achieve the objectives of the programme: - promote regeneration and high-quality job creation – this should include how the Freeport will enable the creation of new higher paid jobs; how you will approach attracting companies to locate in the area; and how fair work practices will be embedded across the area. These will be taken into account where they support the overall objective - establish hubs for global trade and investment – this should include demonstrating how your Freeport will bring new investment into the surrounding areas and how it will increase trade through the port(s) involved and an outline of	File upload	5000 (including a 250 word executive summary)	S

#	Question	Question Type	Word or file limit	D r / p
	how you envisage your Freeport will further internationalise our economy, generate sustainable trade growth and enable trade processes to become easier and more efficient - foster and innovative environment – this should include consideration of how Freeport status can bring additionality to those already collaborating in the region. - why a Freeport is the right public intervention for your proposed location, including any local economic strengths or strategies that your proposal will build on and any identified economic needs - how your proposal aligns with relevant Welsh and UK government strategies mentioned in the prospectus, including the Levelling Up White Paper (https://www.gov.uk/government/publications/levelling-up-the-united-kingdom); UKG Plan for Wales; Well-being of Future Generations Act (2015); International Strategy for Wales Note - your answers to 1.10, 1.11, 1.12, 1.13, 1.14, 1.15, 1.16 above will all be considered as part of the assessment of this answer in addition to this answer. You do not need to repeat information from those questions in this answer.			

3. Criterion D: Deliverability of proposal effectively at pace

#	Question	Question Type	Word or file limit	Document reference / paragraph	Weighting

#	Question	Question Type	Word or file limit	Document reference / paragraph	Weighting
3.1	Describe the local authority current or planned planning applications for each tax, custom and key investment site. For each site please provide the following: - relevant Local Development Plans and their Status - current planning applications and status of these - further planning needs, activities and estimated timescales Please also provide evidence of early discussions with planning authorities and alignment with the relevant Future Wales policies.	Freeports Assessment Question 3.1 Template Table and file upload	50MB	3.8	10% of criterion D
3.2	Please upload an Implementation Plan. This could take the form of a pictorial diagram, Gantt chart, timeline, flowchart or other graphical representation.	File upload, 1 side legible at A3	50MB	4.5.3-4.5.5	10% of Criterion D

#	Question	Question Type	Word or file limit	Document reference / paragraph	Weighting
3.3	Please provide a written submission contextualising your implementation plan, which sets out: - greater detail regarding the choice of milestones - greater evidence on timings - greater detail on costs - greater detail on how the programme will effectively manage delivery risks and issues, including unexpected rising costs - greater evidence on contingency arrangements and plans if any risks identified are realised. - details of Freeports governance arrangements.	Free text	1000	4.5.10	10% of Criterion D
3.4	Please describe, with reference to your implementation plan when you will undertake activities set out in your response to question 2.2 that focus on regeneration and high-quality job creation.	Free text	400	4.5	6% of Criterion D

#	Question	Question Type	Word or file limit	Document reference / paragraph	Weighting
3.5	Please describe, with reference to your implementation plan when you will undertake activities set out in your response to question 2.2 that focus on establishing trade hubs.	Free text	400	4.5	6% of Criterion D
3.6	Please describe, with reference to your implementation plan when you will undertake activities set out in your response to question 2.2 that focus on fostering innovation.	Free text	400	4.5	6% of Criterion D
3.7	Please provide a risk management framework that shows how your governance board will manage risks.	File upload	-	4.5.6-4.5.10	5% of Criterion D
3.8	Please outline your preferred investment proposal, including: - costs - the sources of funding that will meet those costs - for any borrowing, please identify who will undertake the borrowing) - requested seed capital - any private investment including match and leveraged funding	Freeports Assessment Question 3.8 and 4.3 Template Table	-	3.4	15% of Criterion D

#	Question	Question Type	Word or file limit	Document reference / paragraph	Weighting
	- other strategically aligned public investment made by the local authority, devolved or national government - complementary investments that have been secured in the last 5 years or are currently under consideration from external funders that support the delivery of your proposal. Where funding is yet to be secured, please indicate - This question will assess the deliverability of your investment proposal at pace. Question 4.3 shall assess the ability of your proposal to attract private investment using the information provided in this question.				
3.9	Please provide evidence of the commercial demand for: - the tax site land - the customs site(s) - the infrastructure or other outputs from the requested seed capital	Free text	500	-	10% of Criterion D

#	Question	Question Type	Word or file limit	Document reference / paragraph	Weighting
3.10	What considerations and mitigating actions will be taken into account for potential negative externalities (including the displacement of local economic activity from nearby areas) affecting your site and/or the surrounding area resulting from the introduction of the Freeport?	Free text	500	-	10% of Criterion D
3.11	Please explain how your proposals will: - Deliver decarbonisation and environmental protection, - ensure compliance with all applicable environmental regulations and standards; and - if applicable, what further environmental standards will you stipulate and how will these be met	Free text	1000	4.2	12% of Criterion D

4. Criterion E: a high level of private sector involvement in the proposal

#	Question	Question Type	Word or file limit	Document reference / paragraph	Weighting

#	Question	Question Type	Word or file limit	Document reference / paragraph	Weighting
4.1	Describe the primary types (including size and sector) of business: - that are part of your application - that you will aim to attract Please make use of the Sector list (ONS SIC codes) in your answer Referencing this information, please set out how the vision for private sector involvement in the Freeport (i.e., the types of business being targeted) is both feasible and well-aligned with the objectives of the policy	Free text	500, Maximum of 10 SIC Codes	1.3.2,1.3.3 and Section 2	30% of Criterion E

#	Question	Question Type	Word or file limit	Document reference / paragraph	Weighting
4.2	Please set out any formal commitments (including funding commitments) from the core partners, in particular landowners and key investors, to deliver on ambitions of the Freeport and wider objectives of the policy. Please upload any supporting evidence of these commitments. Bids that demonstrate tangible, long-term commitments by partners to go beyond what they are already doing or would be doing anyway will score more highly	Free Text and file upload	500	Section 2 and 3.8	30% of Criterion E
4.3	This question will assess the ability of your proposal to attract private investment using the information provided in question 3.8	Freeports Assessment Question 3.8 and 4.3 Template Table	-	3.4	**40% of Criterion E**

Applicants to note 4.3 will be assessed using the supporting information provided at question 3.8.

Annex A – Mark scheme

Mark	Text

Mark	Text
Pass	The applicant has submitted all of the information requested and the response clearly meets the specifications set out in the prospectus, including providing evidence of a strong rationale where the proposal exceeds the default limits (e.g. for any customs sites outside of the Outer Boundary).
Fail	The applicant has either not submitted all of the information requested, the response does not meet the specifications set out in the prospectus, or there is not sufficient evidence of a strong rationale where the proposal exceeds the default limits (e.g. for any customs sites outside of the Outer Boundary).

The detailed application information requested from applicants (Section 5.8) will be marked according to the following schema:

Mark	Text
Low	A poor response with material concerns that the proposal will not achieve a standard required to meet the criterion.
Medium	A good response that meets the requirements with robust supporting evidence. Demonstrates good understanding of the levers, outputs and objectives.
High	An outstanding response that meets the requirements. Indicates an excellent understanding of the levers, outputs and objectives with detailed supporting evidence and no weaknesses, resulting in a high level of confidence that the proposal will achieve a standard required to meet the criterion.

Annex B – Privacy notice

Personal data

The following is to explain your rights and give you the information you are entitled to under UK data protection legislation.

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally), not the contents of your Freeport application.

1. The identity of the data controller and contact details of our Data Protection Officer

The Department for Levelling Up, Housing and Communities (DLUHC) is the data controller.

The Data Protection Officer can be contacted at dataprotection@levellingup.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the Freeport application process, so that we can contact you regarding your application and for monitoring purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

Data protection legislation sets out when we are lawfully allowed to process your personal data.

The lawful basis that applies to this processing is article 6(1)(e) of the UK General Data Protection Regulation; that processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller; data being processed belongs to business contacts processed during the routine course of business of a government department.

4. With whom we will be sharing your personal data

As part of the process of selecting and monitoring Freeport, the Welsh and UK governments may share your personal data with relevant government departments or arms-length bodies, including:

HM Treasury
HM Revenue and Customs
Home Office/Border Force
Department for Business, Energy and Industrial Strategy
Department for Environment, Food and Rural Affairs
Department for International Trade
Department for Levelling Up, Housing and Communities
Welsh Government
Natural Resources Wales
The Future Generations Commissioner for Wales

DLUHC and the Welsh Government may also appoint a third party for evaluation purposes, to evaluate the programme. Their contract will set out what they are permitted to do with personal data.

DLUHC will use CitizenSpace software provided by Delib to help collect information on investment plans. As a data processor, this organisation shall only process personal information at the direction of the Department. There are data processing agreements in place between the Department and its data processors to ensure that the processing of your personal data remains in strict accordance with the requirements of data protection legislation.

5. For how long we will keep your personal data, or criteria used to determine the retention period

If your application is successful, your personal data will be held for up to ten years from the closure of the application process in order to be recorded for a sufficient amount of time and available to be reviewed at a later date if required. As part of the monitoring process, we will contact you regularly to ensure our records are up to date and will erase your personal data upon request or should you no longer be involved with the Freeport.
Should your application be unsuccessful, we will erase your personal data.

6. Your rights, e.g. access, rectification, erasure

The data we are collecting is your personal data, and you have considerable say over
what happens to it.

You have the right to:

- know that we are using your personal data
- see what data we have about you
- ask to have your data corrected, and to ask how we check the information we hold is accurate
- object to particular uses of your personal data and to have your personal data deleted when the processing is no longer necessary
- complain to the ICO (see below)

7. Sending data overseas

Your personal data will not be sent overseas.

8. Automated decision making

Your personal data will not be used for any automated decision making.

9. Storage, security and data management

We use a third-party system, Citizen Space, to collect information for Freeport plans. In the first instance your personal data will be stored on their secure UK-based server. Your personal data will be transferred to our secure government IT system as soon as possible, and it will be stored there for up to 10 years before it is deleted, unless we identify that its continued retention is unnecessary before that point.

10. Making a complaint

If you are unhappy with the way the department is using your personal data, you can make a complaint. You have a right to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can also contact the ICO for independent advice about data protection, privacy and data sharing. The ICO's contact details are provided below.

> The Information Commissioner's Office
> Wycliffe House
> Water Lane
> Wilmslow, Cheshire,
> SK9 5AF

Telephone: 0303 123 1113 or 01625 545 745 https://ico.org.uk/ (https://ico.org.uk/)

Welsh Government contacts

> Welsh Government
> Cathays Park
> Cardiff
> CF10 3NQ

Tel: 0300 0604400 Email: customerhelp@gov.wales

Department for Levelling Up, Housing and Communities contacts

If you require this information in an alternative format or have general enquiries about The Department of Levelling Up, Housing and Communities and its work, contact:

> 2 Marsham Street
> London
> SW1P 4DF
> United Kingdom
> Tel: 030 3444 0000

Email: correspondence@levellingup.gov.uk

1. The Welsh Government defines fair work as: where workers are fairly rewarded, heard and represented and are able to progress in a secure, healthy and inclusive environment where their rights are respected.

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Integrated Impact Assessment (IIA)

This Integrated Impact Assessment considers the duties and requirements of the following legislation in order to inform and ensure effective decision making and compliance:

- Equality Act 2010
- Welsh Language Standards (No.1) Regulations 2015
- Well-being of Future Generations (Wales) Act 2015
- Environment (Wales) Act 2016

1. Details of the initiative

	Title of the Initiative:
1a	**Service Area:** Freeport Bid Submission
1b	**Directorate:** Environment and Regeneration
1c	**Summary of the initiative:** To seek approval for Neath Port Talbot Council to support a bid to the Welsh and UK governments for a Freeport covering the port of Port Talbot and the port of Milford Haven and to seek delegated authority to the Chief Executive to agree the final draft of the submission in consultation with Leader of Council
1d	**Who will be directly affected by this initiative?** The UK and Welsh Governments have launched a Freeport initiative aimed at boosting economic growth by creating special economic zones around ports which would provide an array business incentives. This policy is designed to take advantage of the UK's new economic freedoms following Brexit, contribute to the 'levelling up' agenda and support the country's economic recovery from the Covid downturn. The recently launched Freeport Prospectus set out the bidding criteria and set the 25th of November 2022 as the deadline for submissions. The initiative will directly affect the landowners proposed to be included in the tax zones and customs zones and they have been fully involved in drawing up the bid.
1e	**When and how were people consulted?**

	At its meeting of the 29th June 2022, Cabinet authorised officers to engage in further exploration, research and discussions to explore the potential of the Council submitting a Freeport bid, either in isolation or in partnership with other organisations. The Freeport bid has been developed by the two local authorities, Associated British Ports and Milford Haven Port Authority, working in consortium. Wider consultation has also taken place with a wide range of public and private sector organisations including business networks within the Freeport proposed area. Letters of support from such organisations will be included in the submission to the Welsh Ministers.
1f	**What were the outcomes of the consultation?** Letters of support from such organisations will be included in the submission to the Welsh Ministers and these include letters of support from: • All landowners proposed to be included within the tax zones and customs zones • Regional MSs • Regional MPs • Shadow ministerial teams • Tom Pick • Valero • RWE • EDF • Blue Gem Wind • Bombora • Puma • Tata • Dragon LNG / Shell • CJC - Swansea Council • CJC - Carmarthenshire County Council • Milford Haven Town Council • Pembroke Dock Town Council • Pembrokeshire Coast National Park Authority • Haven Waterway Enterprise Zone • The Regional Learning and Skills Partnership for South West Wales • Local colleges- NPTC Group

	• Swansea University, University of South Wales, University of Wales Trinity St Davids, Cardiff University • SWIC • RenewableUK Cymru • Marine Energy Wales • ORE Catapult • H2 Wales • UK Major Ports Group • British Ports Association • FSB • PSB • Local Economic Forum • Economic Strategy Board • FLEXIS • TUC • Celtic Sea Power • Western Gateway • Welsh Government

2. Evidence

What evidence was used in assessing the initiative?
During the bid phase, partners have been pro-active in engaging with developers/investors and customers in our target sectors identifying Freeport contingent opportunities, and in agreeing a detailed vision for sites with land owners and refining boundaries, so that only the best land, focussed on the best opportunities is included. Welsh government policy documents setting out an analysis of the capacity of UK ports to support the emerging off-shore wind energy sector – those documents identify both Port of Milford Haven and Port Talbot as uniquely placed to be able to support FLOW.

Welsh Index of Multiple Deprivation – 2019 data identifying areas of relatively high deprivation in the vicinity of both ports which then stand to benefit from the investment proposition. LDP data – pre-application assessment of the proposed use of sites has been undertaken to establish the deliverability of the proposition together with potential impacts on biodiversity and environment with associated options to mitigate.

3. Equalities

a) How does the initiative impact on people who share a **protected characteristic**?

Protected Characteristic	**+**	**-**	**+/ -**	**Why will it have this impact?**
Age			X	The proposal will directly benefit those of working age who would have the opportunity to take up employment within the new jobs that the proposition is expected to create. Fair work principles will ensure the new jobs are secure and well paid helping to address socio-economic disparities within the local population. Further work will be needed during the next phase of work should the bid be successful to develop pathways to the new work for local people. It is expected that those pathways would cater for all people with protected characteristics to have equal opportunity to take up jobs in the new employment. Indirectly, if the proposition moves forward, over time there is expected to be £0.5 billion of direct economic benefit for the two port areas with further economic benefit at significant scale expected to stem from FLOW. The impact on the wider economy and consequently all of those with protected characteristic and who are currently classified in the lower socio economic groups would benefit. More detail will develop as the proposition moves forward into future stages.
Disability			X	
Gender reassignment			X	
Marriage & civil partnership			X	
Pregnancy and maternity			X	
Race			X	
Religion or belief			X	
Sex			X	
Sexual orientation			X	

				There will be a requirement to establish a Freeport entity to operate the Freeport in the event the bid is successful. For the purpose of any future governance structure that would be embarked on, diversity would includes, but is not limited to, skills and experience, gender, and ethnicity, to reflect the diverse nature of the environment in which the Freeport would operate and will be made in the context of the skills, knowledge, experience, background and independence that is required for any governance structure to be able to ensure effective delivery. A consultative committee which would enable the participation of trade union representatives would provide a mechanism to further ensure there is equal opportunity for people who share a protected characteristic.

What action will be taken to improve positive or mitigate negative impacts?
A final business case will be required in accordance with HM Treasury Green Book rules should the bid be successful. This will require development of a five case business case to support the proposition. This will necessarily include a full risk analysis with details of risk mitigations that would be established to optimise benefits and minimise disbenefits.

b) How will the initiative assist or inhibit the ability to meet the **Public Sector Equality Duty**?

Public Sector Equality Duty (PSED)	**+**	**-**	**+/-**	**Why will it have this impact?**

To eliminate discrimination, harassment and victimisation			X	It is proposed that the bid will embrace the WG commitment to Fair Work and an economic contract would be developed between the Freeport and the WG. Trade unions will be integrated into governance arrangements.
To advance equality of opportunity between different groups	X			A Freeport Programme in Wales will help to promote regeneration across local economies and communities by driving inclusive and sustainable growth locally, regionally and nationally. Bringing together local organisations that are trying to achieve similar regeneration goals, pooling resources and creating shared objectives can be the best way to deliver outcomes that are truly transformative and achieve 'levelling up' across communities. The proposal will also support work to decarbonise industry, housing and transport at local regional and national levels helping to meet the net zero carbon targets. Green economic growth will help to address structural issues of poverty and deprivation in the local and regional economy stimulating the local supply chain and increasing the skills and qualifications of the resident population. As part of the final business case development work will be undertaken to establish clear pathways to work for local people and local businesses. This will be designed in a way that would enable people from different groups to have equal opportunity to access the new employment this initiative is expected to create.
To foster good relations between different groups	X			A Freeport Programme in Wales will help to promote regeneration across local economies and communities by driving inclusive and sustainable growth locally, regionally and nationally. Green economic growth will help to address structural issues of poverty and deprivation in the local and regional economy stimulating the local supply chain and increasing the skills and qualifications of the resident population.

				By addressing the root causes of poverty and deprivation communities will be strengthened and become more cohesive. This will assist in discharging the duty to foster relations between different groups

What action will be taken to improve positive or mitigate negative impacts?
As indicated above, there will be a requirement to prepare a final business case based on HM Treasury Green Book guidance. This will enable a fuller assessment of equality impacts to be undertaken together with any mitigating actions that can be designed to maximise beneficial impacts and reduce potential disbenefits.

4. Community Cohesion/Social Exclusion/Poverty

	+	-	+/-	**Why will it have this impact?**
Community Cohesion			X	The Freeport Programme will look to incentivise private businesses to invest in new opportunities in Wales, particularly in relation to climate resilience and making maximum progress towards decarbonisation. The Freeport Programme in Wales will build on existing local strengths and will make the nearby Welsh cities, towns and villages even better places to live and work. A Freeport Programme in Wales will help to promote regeneration across local economies and communities by driving inclusive and sustainable growth locally, regionally and nationally.

				Bringing together local organisations that are trying to achieve similar regeneration goals, pooling resources and creating shared objectives can be the best way to deliver outcomes that are truly transformative and achieve 'levelling up' across communities. Areas in proximity to the areas proposed to be include in the Freeport are amongst the most deprived (10%) in Wales. Economic growth has the potential to transform these communities and to address the root causes of the poverty and disadvantage that people currently experience. The commitment to Fair Work and sustainability should ensure that new employment will be well paid and secure.
Social Exclusion	X			As above – the detail will be further developed during the final business case development. The Welsh Index of Multiple Deprivation identifies lower super output areas within the vicinity of the Port Talbot sites proposed to be include in the Freeport as amongst the most disadvantaged in Wales (top 10%) and it is clear from the data that this affects people with a range of protected characteristics also.
Poverty	X			The whole essence of the proposition is to boost local and regional economic growth in an emerging green industry. Integral to the proposition is an intent to maximise benefit to local people and local supply chains with an underpinning commitment to Fair Work and sustainability. More detail of how these benefits could assist in addressing the root causes of poverty in the vicinity of the Freeport and across the county borough as a whole will be developing through the final business case stage.

What action will be taken to improve positive or mitigate negative impacts?

As indicated above, a final business case will be developed if the Bid is successful. This will need to address HM Treasury Green Book requirements within which the analysis will identify the potential benefits/disbenefits of the proposition and suitable mitigation actions that would optimise benefits and minimise disbenefits.

5. Welsh

	+	-	+/-	**Why will it have this effect?**
What effect does the initiative have on: – people's opportunities to use the Welsh language			X	There is no impact on the opportunity to use the Welsh Language. Any engagement of the local authority will be in accordance with our Welsh Language Standards.
– treating the Welsh and English languages equally			X	There is no impact on treating the Welsh language less favourably that English. Compliance will be had at all times to Welsh Language Standards, so far as they relate to the Council. Branding will be bilingual

What action will be taken to improve positive or mitigate negative impacts?

Branding and communications will be in accordance with Welsh Language Standards The use of the term Celtic Freeport and the associated strapline will promote a positive image of Wales and the Welsh language on a domestic and international platform.

6. Biodiversity

How will the initiative assist or inhibit the ability to meet the **Biodiversity Duty**?

Biodiversity Duty	**+**	**-**	**+/-**	**Why will it have this impact?**
To maintain and enhance biodiversity	X			The existing energy clusters at Milford Haven and Port Talbot have a negative impact on the environment, including from noise and CO2 emissions. Pivoting activity on these sites towards green energy will reduce this impact, as well as supporting the UK's transition towards a lower carbon future. The development of the Freeport itself is being assessed to ensure any impacts on biodiversity can be fully mitigated and biodiversity enhanced. This will be subject to more detailed consideration at the final business case stage if the Bid is successful.
To promote the resilience of ecosystems, i.e. supporting protection of the wider environment, such as air quality, flood alleviation, etc.	X			Leading the transition to net zero is a priority for the region and a key theme across public and private stakeholders in the bid. Fundamentally, with a transition to renewables comparable and bigger than the existing fossil fuel based economy, the region is at risk of declining living standards and growing deprivation.

				Addressing decarbonisation is a key building block in the UK meeting its 2050 net zero target. The potential for our region centres on the opportunities presented by the energy transition. A Freeport has the potential to be a world class renewable energy structure. FLOW is the biggest opportunity that links the strategic ports of Milford Haven and Port Talbot. The region is uniquely placed to take advantage of the opportunities around green hydrogen which have strong synergies with the emerging FLOW opportunity. The stakeholders are already delivering hydrogen based projects in the region which a Freeport can accelerate. An additional opportunity is the development of CCS, which is a critical component in decarbonising the existing energy sector.

What action will be taken to improve positive or mitigate negative impacts?
It is recognised that development on land that is currently not built out may potentially generate impacts, including increased freight volumes and activity on the seabed. A strong local planning system is central to mitigating these impacts. As part of the bid, planning officers have been engaged to ensure all elements of the proposal make the necessary contributions to biodiversity gain and good care of the built and natural environment and this work will continue in the event a bid is successful. Through preplanning activities and engagement with potential developers, significant steps have already been taken to identify and mitigate any environmental impacts as early as possible.

7. Well-being of Future Generations

How have the five ways of working been applied in the development of the initiative?

Ways of Working	**Details**

i. **Long term –** looking at least 10 years (and up to 25 years) ahead	A Freeport Programme in Wales will help to promote regeneration across local economies and communities by driving inclusive and sustainable growth locally, regionally and nationally. A Freeport will support the Welsh Government's Mission to build a prosperous, green and equal economy based on the principles of fair work, sustainability, and the industries and services of the future. The Freeport will further enhance Wales' ability to attract investment and new businesses, bringing growth and prosperity to some of our most deprived communities and supporting delivery of key economic growth commitments set out in the UK Government's Plan for Wales. The Freeport programme also generates commitment to supporting Wales becoming a more sustainable nation through improving the social, economic and cultural well-being of Wales, specifically applying the sustainable development principle designed to maximise contribution to achieve each of the Well-being goals as set out by the Well-being of Future Generations (Wales) Act 2015. The Freeport Programme will provide access to a mixture of financial incentives, embedded by good governance that supports a strong partnership between local, private and public sector stakeholders; with the support of both the Welsh and UK governments in attracting investment; and supporting a strong local and regional skills base. Achieving Freeport status could act as a catalyst for significant economic growth within the locality and the wider region linked to the emerging off-shore wind sector and wider renewables agenda. The proposal will also support work to decarbonise industry, housing and transport at local regional and national levels helping to meet the net zero carbon targets. Green economic growth will help to address structural issues of poverty and deprivation in the local and regional economy stimulating the local supply chain and increasing the skills and qualifications of the resident population. This is a once in a generation opportunity to transform the local and regional economy, arresting and reversing the negative impacts associated with the long term decline of traditional industries in the areas.
ii. **Prevention** – preventing problems occurring or getting worse	The Freeport Programme in Wales represents a new opportunity to help Wales continue to develop a globally competitive, entrepreneurial, inclusive and sustainable economy, whilst building the strength and resilience to overcome economic shocks experienced during the COVID-19 pandemic. It represents a key commitment within the UK Government's Levelling Up White Paper and will make a positive contribution to the Welsh Government's commitments to the economy, fair work and the seven well-

	being goals set out in the Wellbeing of Future Generations (Wales) Act 2015 which deliver long term benefits to improve the economic, social, environmental and cultural wellbeing of Wales. The region's economic challenges are linked with long term process of industrial change that is still ongoing. The industrial base in Pembrokeshire and Neath Port Talbot is reliant on fossil fuels which possess significant risks associated with the transition to net zero. As things stand there is a risk the industrial base will not be able to sustain green jobs for future generations and provide high value jobs to large parts of the population. This could have the potential to risk declining living standards and growing deprivation. The potential of the Freeport is that it is a unique opportunity to fast track low carbon technology and decarbonisation focussed projects, contributing to the net zero agenda. Freeport status will trigger larger scale private investment from the renewables industry in the region and a Freeport will allow for these opportunities to be exploited. The scale of private investment to meet this opportunity would come with a Freeport. The UK is seeking to overturn the advantages overseas manufacturers have amassed through Government support, sunk costs, and accumulated economies of scale and extensive experience. The combines Freeport offer of land, tax incentives, coordination of planning, enabling infrastructure and skills/innovation investment is compelling to overseas investors.
iii. **Collaboration –** working with other services internal or external	At its meeting of the 29th June 2022, Cabinet authorised officers to engage in further exploration, research and discussions to explore the potential of the Council submitting a Freeport bid, either in isolation or in partnership with other organisations. The Freeport bid has been developed by the two local authorities, Associated British Ports and Milford Haven Port Authority, working in consortium. Wider consultation has also taken place with a wide range of public and private sector organisations including business networks within the Freeport proposed area. Letters of support from such organisations will be included in the submission to the Welsh Ministers.

iv. **Involvement –** involving people, ensuring they reflect the diversity of the population	The Freeport bid has been developed by the two local authorities, Associated British Ports and Milford Haven Port Authority, working in consortium. Wider consultation has also taken place with a wide range of public and private sector organisations including business networks within the Freeport proposed area. Letters of support from such organisations will be included in the submission to the Welsh Ministers as indicated above. If the Bid is successful a broader programme of engagement will be developed with a view to maximising the benefits of the investment for local people and local businesses across the South West Wales region
v. Integration – making connections to maximise contribution to:	Celtic Freeport can secure a step change in renewable energy investment and support the zero-carbon industrial revolution in a way that works for our communities by creating new, high-quality jobs in the sectors of tomorrow and safeguarding the living standards of future generations. Our public and private bidding partners have taken a long-term, community-led lens, considering how our proposition can improve the 'social, economic, environmental and cultural well-being of Wales'. Below we outline how the Freeport will support the seven well-being goals of the Well-being of Future Generations Act. **A prosperous Wales** Celtic Freeport will deliver significant investment for Wales in innovative, low-carbon technologies in areas like FLOW, hydrogen, CCUS and biofuels. An example is Lanzatech's pioneering process of converting CO_2 from Tata Steel into biofuels with applications in the aviation industry, with the support of Freeport tax measures. Pembrokeshire County and Neath Port Talbot Councils have agreed to pool recycled business rates and the funding stream this can generate is transformational (c£0.5bn over 25 years based on English precedent). This funding can support, for example, vocational and academic offers at schools, colleges and universities in the region, helping to prepare future generations for the jobs the 21st century economy will require, as well as upskill adults already in employment, thereby maximising the labour market participation opportunity for the region and for Wales.

	A resilient Wales The technology investment that Celtic Freeport will bring forward in areas like FLOW and green hydrogen will, over the medium to long term, support the accelerated reduction of carbon emissions in Wales's largest industrial cluster. Moreover, by managing the transition away from a fossil-fuel based economy, it will reduce Wales's exposure to demand-supply shocks of geopolitically vulnerable industries such as gas. Celtic Freeport will help improve Welsh air quality, a cornerstone of the natural environment. Many of our proposed tax site locations are largely existing brownfield locations, minimising the impact of development on local biodiversity. Where impacts are identified, we have a track record of supporting and delivering mitigation measures. **A healthier Wales** Celtic Freeport will contribute to a reduction in air pollution throughout the South Wales industrial cluster (as the region transitions away from fossil-fuel based industries). This will have a number of health benefits for local residents, including improved lung health and mental well-being. This will have knock-on economic benefits by keeping people healthier for longer. **A more equal Wales** Celtic Freeport will direct significant private investment to areas adjacent to some of the most deprived communities in Wales. It will generate labour market and training opportunities (through private investment, landowner/developer commitments and recycled business rates) for local residents in these communities. The ensuing economic growth around the Freeport will help to tackle intrenched, inter-generational poverty, growing local productivity and wages. Tax Site Delivery Agreements will commit landowners and employers to offering fair working conditions to employees, and the Freeport Company Board will have a designated diversity champion to ensure the Freeport has a positive impact on socio-economic disparities within the local population. **A Wales of cohesive communities** Increased investment and a growing local economy are often linked with increased community cohesion. Celtic Freeport will bring forward investment on brownfield sites that have long been stalled, regenerating iconic locations like the Baglan Energy Park. In order to open up these sites, enabling

	infrastructure like new roads and junctions will improve the connectivity of communities across the region. **A Wales of vibrant culture and thriving Welsh language** It is expected that recycled retained business rates will help support targeted vocational pathways in local schools and colleges, and these are likely to be bi-lingual. Moreover, by attracting new investment (and jobs) to the region, Freeport interventions will help to spread the Welsh language and culture. Furthermore, increased economic growth can frees up headroom in local and regional budgets to invest into culture and arts. **A globally responsible Wales** Delivering FLOW in the Celtic Sea will serve as a globally recognised proof of concept, and the Freeport supports our ambitions to be a 'first mover'. If conditions are right, Wales could be become an exporter of FLOW technologies, not to mention green hydrogen, sustainable aviation fuel and other products. There will be significant global benefits from the step change in renewable energy investment delivered by Celtic Freeport. Decarbonising the South Wales industrial cluster is a critical step for Wales and the UK in meeting 2050 net zero targets. The Freeport will accelerate this and make the path to net zero more credible.
Council's well-being objectives	The proposition addresses all four of the Council's wellbeing objectives: New, green jobs, supported by accessible and good quality skills and learning pathways will help all children and young people have the best start in life; addressing the root causes of poverty by ensuring there are more, green and wellbeing jobs for local people will address inequality which in turn will help develop thriving and sustainable communities; the focus on decarbonising industry, housing and travel at scale will help conserve the environment for future generations. There is scope to capture the unique culture and heritage of former industries in the transition process to conserve this important part of the area's past for future generations also; finally the creation of many new, sustainable and well paid jobs will deliver the Council's ambitions to improve jobs and skills
Other public bodies objectives	The Council is working in consortium with Pembrokeshire Council. Consensus has been reached on the basis of this bid with both authorities agreed that a partnership across the two local authorities positions the wider region to take advantage of the Celtic Sea offshore wind opportunity.

	Both Pembroke and NPT councils have promoted the Freeport opportunity within the South West Wales CJC. It is anticipated that the four local authorities within the region will wish to give greater focus to the opportunity that FLOW will potentially create for the whole region. Initial discussions with FE, HE and government partners have been very positive.

8. Monitoring Arrangements

Provide information on the monitoring arrangements to:
Monitor the impact of the initiative on Equalities, Community Cohesion, the Welsh Measure, Biodiversity Duty and the Wellbeing Objectives.

The award of a Freeport is a significant investment decision for UK and Welsh governments. The delivery of the Freeport policy objectives will need to be reported to the governments in return for the investment that accompanies the Freeport status.

9. Assessment Conclusions

Please provide details of the conclusions reached in relation to each element of the assessment:

	Conclusion
Equalities	The overall impact is expected to be positive. More work is needed in the final business case development to ensure equal opportunity to participate in new employment and supply chain opportunities.

Community Cohesion/ Social Exclusion/Poverty	The economic development that could be created through the Freeport Bid and associated FLOW opportunities has the potential to address the root causes of poverty and deprivation caused by long term decline in former industries. In the final business case development it will be crucial to ensure that strategies are developed to maximise the benefits locally and regionally and to minimise any disbenefits.
Welsh	Branding will be bilingual and actively promote a positive image of Wales. This will be delivered on both a domestic and international platform. The conduct of the business of the Freeport will respect the WG policy objectives to create a million Welsh speakers by 2050
Biodiversity	The Bid has the potential to significant accelerate decarbonisation across the region. Negative impacts on environment and biodiversity can be mitigated and achieve a net beneficial impact.
Well-being of Future Generations	The Freeport Bid, linked to FLOW and the wider renewable energy agenda contributes in a positive and material way to the overall objectives of the Wellbeing of Future Generations Act. It is possible to address each of the wellbeing goals in a specific and positive way and to make clear link between the initiative and the sustainable development principle. This is considered to be a once in a generation opportunity to improve the economic, cultural, social and environmental wellbeing of the people in NPT.

Overall Conclusion

Please indicate the conclusion reached:

- **Continue** - as planned as no problems and all opportunities have been maximised ☒
- **Make adjustments** - as potential problems/missed opportunities/negative impacts have been identified along with mitigating actions ☐
- **Justification** - for continuing with the initiative even though there is a potential for negative impacts or missed opportunities ☐
- **STOP** - redraft the initiative as actual or potential unlawful discrimination has been identified ☐

Please provide details of the overall conclusion reached in relation to the initiative

CONTINUE Further development of the proposition will take place if the BID is successful through the final business case development.

10. Actions

What actions are required in relation to obtaining further data/information, to reduce or remove negative impacts or improve positive impacts?

Action	Who will be responsible for seeing it is done?	When will it be done by?	How will we know we have achieved our objective?
Ensure the public sector duties are firmly embedded in the development of the final business case development in the event the Bid is successful	The Council	By conclusion of the Final Business Case	Evidence in the Final Business case that all of the public sector duties are expressly addressed
Further assessment of the impact of proposed development on the local environment and biodiversity	The Council	Will need to be addressed within any planning process	Planning consent is granted and any conditions are effectively and full discharged

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Cyngor Castell-nedd Port Talbot
Neath Port Talbot Council

Report of the Head of Legal and Democratic Services

Name and date of Meeting

ACCESS TO MEETINGS/EXCLUSION OF THE PUBLIC

Purpose:	To consider whether the Public should be excluded from the following items of business.
Item (s):	Freeport Bid Submission
Recommendation(s):	That the public be excluded from the meeting during consideration of the following item(s) of business on the grounds that it/they involve(s) the likely disclosure of exempt information as set out in the Paragraphs listed below of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007 subject to the Public Interest Test (where appropriate) being applied.
Relevant Paragraph(s):	14

1. Purpose of Report

To enable Members to consider whether the public should be excluded from the meeting in relation to the item(s) listed above.

Section 100A (4) of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007, allows a Principal Council to pass a resolution excluding the public from a meeting during an item of business.

Such a resolution is dependant on whether it is likely, in view of the nature of the business to be transacted or the nature of the proceedings that if members of the public were present during that item there would be disclosure to them of exempt information, as defined in section 100I of the Local Government Act 1972.

2. Exclusion of the Public/Public Interest Test

In order to comply with the above mentioned legislation, Members will be requested to exclude the public from the meeting during consideration of the item(s) of business identified in the recommendation(s) to the report on the grounds that it/they involve(s) the likely disclosure of exempt information as set out in the Exclusion Paragraphs of Schedule 12A of the Local Government Act 1972 as amended by the Local Government (Access to Information) (Variation) (Wales) Order 2007.

Information which falls within paragraphs 12 to 15, 17 and 18 of Schedule 12A of the Local Government Act 1972 as amended is exempt information if and so long as in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

The specific Exclusion Paragraphs and the Public Interest Tests to be applied are listed in Appendix A.

Where paragraph 16 of the Schedule 12A applies there is no public interest test. Members are able to consider whether they wish to waive their legal privilege in the information, however, given that this may place the Council in a position of risk, it is not something that should be done as a matter of routine.

3. Financial Implications

Not applicable

4. Integrated Impact Assessment

Not applicable

5. Valleys Communities Impact

Not applicable

6. Workforce Impact

Not applicable.

7. Legal Implications

The legislative provisions are set out in the report.

Members must consider with regard to each item of business the following matters.

(a) Whether in relation to that item of business the information is capable of being exempt information, because it falls into one of the paragraphs set out in Schedule 12A of the Local Government Act 1972 as amended and reproduced in Appendix A to this report.

and either

(b) If the information does fall within one or more of paragraphs 12 to 15, 17 and 18 of Schedule 12A of the Local Government Act 1972 as amended, the public interest test in maintaining the exemption outweighs the public interest in disclosing the information; or

(c) if the information falls within the paragraph 16 of Schedule 12A of the Local Government Act 1972 in considering whether to exclude the public members are not required to apply the public interest test by must consider whether they wish to waive their privilege in relation to that item for any reason.

8. Risk Management

To allow Members to consider risk associated with exempt information.

9. Recommendation(s)

As detailed at the start of the report.

10. Reason for Proposed Decision(s):

To ensure that all items are considered in the appropriate manner.

11. Implementation of Decision(s):

The decision(s) will be implemented immediately.

12. List of Background Papers:

Schedule 12A of the Local Government Act 1972

13. Appendices:

Appendix A – List of Exemptions

Appendix A

NO	Relevant Paragraphs in Schedule 12A
12	Information relating to a particular individual
13	Information which is likely to reveal the identity of an individual
14	Information relating to the financial or business affairs of any particular person (including the authority holding that information).
15	Information relating to any consultations or negotiations, or contemplated consultations or negotiations in connection with any labour relations matter arising between the authority or a Minister of the Crown and employees of, or office holders under, the authority
16	Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.
17	Information which reveals that the authority proposes: • To give under any enactment a notice under or by virtue of which requirements are imposed on a person, or • To make an order or direction under any enactment.
18	Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.

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By virtue of paragraph(s) 14 of Part 4 of Schedule 12A
of the Local Government Act 1972.

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By virtue of paragraph(s) 14 of Part 4 of Schedule 12A
of the Local Government Act 1972.

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