



Y CABINET

DYDD MERCHER, 10 MAI 2023

**YN SYTH AR ÔL CYFARFOD PWYLLGOR CRAFFU POLISIÄU AC
ADNODDAU'R CABINET**

**SIAMBR Y CYNGOR – CANOLFAN DDINESIG CASTELL-NEDD PORT
TALBOT**

**RHAID GOSOD POB FFÔN SYMUDOL AR Y MODD DISTAW AR
GYFER PARHAD Y CYFARFOD**

Rhan 1

1. Penodi Cadeirydd
2. Cyhoeddiad y Cadeirydd
3. Datganiadau o fuddiannau
4. Amser Cwestiynau Cyhoeddus
Mae'n rhaid cyflwyno cwestiynau'n ysgrifenedig i'r Gwasanaethau Democrataidd, democratic.services@npt.gov.uk heb fod yn hwyrach na chanol dydd ar y diwrnod gwaith cyn y cyfarfod. Mae'n rhaid i'r cwestiynau ymwneud ag eitemau ar yr agenda. Ymdrinnir â chwestiynau o fewn cyfnod o 10 munud.
5. Porthladd Rhydd Celtaidd (*Tudalennau 3 - 56*)
6. Eitemau brys
Unrhyw eitemau brys (boed yn gyhoeddus neu wedi'u heithrio) yn ôl disgrisiwn y Cadeirydd yn unol â Rheoliad 5(4)(b) Offeryn Statudol 2001 Rhif. 2290 (fel y'i diwygiwyd).

K.Jones
Prif Weithredwr

Canolfan Ddinesig
Port Talbot

Dydd Mercher, 3 Mai 2023

Aelodau'r Y Cabinet:

Y Cynghorwyr S.K.Hunt, S.A.Knoyle, N.Jenkins, D.M.Peters,
J.Hurley, S.Harris, J.Hale, A.Llewelyn, W.F.Griffiths a/ac S.Jones

Cabinet

10th May 2023

Report of the Chief Executive – Mrs Karen Jones

Matter for Decision

Wards Affected: Port Talbot, Briton Ferry West, Margam and Taibach

Celtic Freeport

Purpose of the Report

1. To formally report the outcome of the Welsh Freeport Competition announced by the UK and Welsh governments.
2. To seek authority to take forward the work involved in submitting an Outline Business Case – this being the next stage of the Freeport policy process.

Executive Summary

On the 22nd March 2023, the Council and its Freeport partners, received notification that, following a joint decision between the UK and Welsh governments, Celtic Freeport and Anglesey Freeport have been selected as the successful bids in the Welsh Freeport competition.

The next stage in the process is to develop and submit an outline business case within a broad 12 -16 week window. This will be followed by the production of a full business case (likely to take around 12 months).

This report provides a summary of the process that will need to be followed to submit the Outline Business Case and identifies the delegated authority sought by officers to contribute to this work.

Background

At its meeting on the 21st November 2022, Cabinet resolved 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;

- Members grant delegated authority to the Chief Executive, in consultation with the Leader of Council to agree amendments to the Bid prior to its Full submission to the Welsh Government;
- Members approve Neath Port Talbot County Borough Council's nomination as the Accountable Body for the proposed Freeport; and
- 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; and
- 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.

Freeport Programme

The Freeport Programme in Wales seeks to create 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 such as those experienced during the COVID-19 pandemic. It is also designed to 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.

The policy represents a key commitment within the UK Government's Levelling Up White Paper. UK Government have indicated that the Freeport initiative will be the cornerstone of the Government's plan to level up opportunity across the country. The UK Government see the overriding objective of the Freeport policy as being 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 Government response to the UK's departure from the EU and more latterly part of the national economic recovery plan following the Covid 19 pandemic.

The Freeport Programme seeks to incentivise private businesses to invest in new opportunities in Wales, particularly in relation to climate resilience and making maximum progress towards decarbonisation whilst also addressing inequality.

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

- 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.

The Welsh and UK Governments published their joint prospectus for applications in September 2022. Within a Freeport there can be up to three tax sites and 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.

The Freeport Programme in Wales is designed to help to promote regeneration across local economies and communities, 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 is expected to contribute to enhancing 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 is also aligned with wider policy objectives that aim to make Wales a more sustainable nation, improving social, economic and cultural well-being.

The Freeport Programme provides access to a mixture of financial incentives, based on good governance and supporting a strong partnership between local, private and public sector stakeholders through social partnership with the support of both the Welsh and UK governments in attracting investment; and supporting a strong local and regional skills base.

Celtic Freeport

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 existing regional collaboration through, for example, the Swansea Bay City Deal and the South-West Wales Corporate Joint Committee. The Freeport partnership is a new partnership that harnesses the unique strategic capabilities that each port. Studies have confirmed that both ports are critical if the UK is to exploit the opportunity to leverage maximum economic benefit from the licencing of floating offshore wind energy developments in the Celtic Sea. Both ports will also be crucial to realising wider decarbonisation ambitions, in particular green hydrogen production; carbon capture technologies and the associated decarbonisation of industry in pursuit of net zero carbon targets.

The bid outlines 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).

Celtic Freeport partners were advised that the bid submitted to the Welsh and UK Governments on the 23rd November 2022 had been successful on the 22nd March 2023.

Subject to the development and approval of the outline and Full business cases, the Celtic Freeport will receive £26 million of Government funding. This is additional to the other policy benefits referenced earlier in this report. The £26 million consists of seed capital of £25million and £1 million revenue contribution to the business case development. Funding is unlocked by presenting acceptable investment proposals to governments in line with HM Treasury Green Book. Some benefits are unlocked at the Outline Business Case and the remainder at the Full Business Case stage.

To progress the proposals to the Outline Business Case stage, revised governance arrangements need to be established. These arrangements are set out in the Memorandum of Understanding (MOU) that would be signed by the four partners – Neath Port Talbot County Borough Council, Pembrokeshire County Council; Associated British Ports and the Port of Milford Haven. Authorisation for the Chief Executive to sign the MOU is a key decision requested in this report.

The MOU details the work to get to the next key milestone (ie the OBC):

- The identification and mobilisation of resources to undertake the work needed to construct the outline business case, including the appointment of an Interim Chief Executive on a consultancy basis; the engagement of external consultants to provide expert technical and professional input to the Outline Business Case development and other and administrative support to facilitate the partnership;
- The setting up of a company limited by guarantee to operate the Freeport and associated arrangements, including company and board appointments and remuneration arrangements. These must all be in compliance with the Welsh prospectus which will make provision for social partnership to deliver fair work commitments and wider social outcomes;
- Arrangements for applying the seed capital; and
- Arrangements to deal with retained business rates, including consideration of the merits of pooling such funds (subject to a future report to members), or not together with the governance arrangements to be established to make investment decisions and provide assurance to governments on the use of public funds.

The full MOU is appended for reference.

The work will also need to establish the arrangements that will be needed on completion of the OBC to move towards the submission of the Full Business Case (FBC).

In order to progress with the governance and management arrangements, and the OBC and FBC process, the Celtic Freeport partners propose to continue with the Bid chairman (Mr Roger Maggs MBE) as the interim chairman and with the Bid director (Mr David Gwynne) as interim Chief Executive until the appointment of permanent chairman and chief executive.

Financial Implications

Future revenue costs incurred in progressing with the set up costs associated with the establishment of a Freeport should be funded by c£1m of Government funding which will be made available for development costs. However, experience from elsewhere in the UK suggests that the costs to achieve the Full business case may be in the region of £2 million.

It is proposed that the additional costs over and above the £1m of government funding be recovered from the Freeport company at the appropriate time. In the short term, funding in excess of the £1million provided by the Government is proposed to be split equally between the four partners.

In terms of the wider financial benefits that are attached to the Freeport programme, initial estimates suggest the Celtic Freeport could deliver a possible tax benefit of up to £0.5 billion in the form of retained business rates for the two participating local authorities. Furthermore, there will be positive economic impact through the creation of well paid, green employment. The Outline Business Case and Full Business Case

will draw out these benefits in more detail and will be reported back to members in future reports.

Successful Freeport designation aims to open up further funding. This includes £25 million 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

An Integrated 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 2, which members are asked to consider as part of determination.

A fuller integrated impact assessment will be developed as part of the Full 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.

Workforce Impacts

It has already been agreed that Neath Port Talbot Council will perform the role of Accountable Body – the requirement to designate one of the councils as accountable body being a condition of the governments. Additional capacity will be needed to support this role mainly in the Environment Directorate and in the financial and legal functions. There will also be a need to build capacity into the economic development function to support supply chain and learning/skills development activities. In addition, there will be impacts on regulatory functions in due course as the Council will have a role in planning and permitting any off shore wind turbines/port development.

There will also be a time commitment for senior officers required to participate in the governance structures. This report seeks authority to participate in the governance arrangements for the next phase of the project. Governance arrangements for future phases will be subject to future reports.

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.

This Council will be the Accountable Body for the Celtic Freeport. 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

The financial risks to the Council are considered low at present, estimated to be in the range £150,000 to £250,000. In the short term these costs would be met from the Council's reserves but it is proposed that they be recovered in due course from the Freeport company.

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.

There is a risk that economic activity will simply be replaced rather than be additional. This risk will be mitigated through tax site delivery agreements and through criteria established to guide the allocation of public funding.

There is a risk that the Freeport would result in poor quality of employment. Undertakings were set out in the Bid to support Fair Work which involved a commitment to securing trade union involvement in the governing body of the Freeport supported by a workforce consultative committee. The other levers indicated above are also available to support the objective of Fair Work.

Risk management arrangements will be further developed as the Outline Business Case and Full Business Case are developed and approved.

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. There is however, no statutory requirement to consult on the matters set out in this report.

Recommendation

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

- (a) Members note the success of the Celtic Freeport in achieving Freeport status
- (b) Members approve the entering into of the Memorandum of Understanding included at Appendix 1
- (c) Delegated authority be granted to the Chief Executive (in consultation with the Leader and relevant Cabinet Member) to agree any minor variations to the proposed Memorandum of Understanding that maybe necessary;
- (d) The Chief Executive of Neath Port Talbot Council be identified as the representative to the project board established pursuant to the Memorandum of Understanding and be granted delegated authority to make any decisions necessary pursuant to the objectives of the project board detailed in this report and be granted delegated authority to nominate an alternative to attend in her place, who shall be entitled to make any decisions necessary pursuant to the objectives of the project board as detailed in this report.
- (e) Approves the commitment of £250,000 revenue to prepare the Outline Business Case and Financial Business Case and notes any requests for additional financial commitment will be brought back to Cabinet for further approval;
- (f) Approves the entering into of discussions with UK and Welsh Government for the preparation of Outline Business Case and Full Business Cases;
- (g) Approves the entering into of any grant agreement between the Council and the UK/Welsh Government to receive public funds from the Government;
- (h) Notes the establishment of a company limited by guarantee and that a report will be brought back to members to agree the mechanism of any legal interest that the Council will have in such a company and the nomination an officer of the Council as a director of the company limited by guarantee;
- (i) Endorse the appointment of Mr Roger Maggs MBE as Chair of the Celtic Freeport during the production of the Outline and Full Business cases and endorse the appointment of Mr David Gwynne as interim Chief Executive of the Celtic Freeport;
- (j) Approves the procurement and appointment of external consultants necessary to produce the Outline Business Case and Full Business Case on behalf of Celtic Freeport on a cost recovery basis, with financial contributions being as identified in this report and where deemed appropriate by the Chief Executive (in consultation with the Leader and relevant Cabinet Member) to exclude requirements of the Contract Procedure Rules in the interests of

ensuring appropriate individuals with experience of Freeports can be appointed;

- (k) Note the requirement to establish suitable governance mechanisms to allocate seed capital and retained business rates. A further report to be provided in due course to confirm the details of such mechanisms.

Reason for Decision

Freeport status will 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. Celtic Freeport 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 1 – Memorandum of Understanding

Appendix 2 – Integrated Impact Assessment

List of Background Papers

Cabinet decision of the 21st November 2022

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

Mr Craig Griffiths

Head of Legal and Democratic Services

(1) ASSOCIATED BRITISH PORTS

(2) MILFORD HAVEN PORT AUTHORITY

(3) NEATH PORT TALBOT COUNTY BOROUGH COUNCIL

(4) PEMBROKESHIRE COUNTY COUNCIL

**MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE DEVELOPMENT OF THE
CELTIC FREEPORT**

THIS MEMORANDUM is dated

2023 and made between:

- (1) **ASSOCIATED BRITISH PORTS** of 25 Bedford Street, London, WC2E 9ES ("**ABP**").
- (2) **MILFORD HAVEN PORT AUTHORITY** of Gorsewood Drive, Hakin, Milford Haven, Pembrokeshire, SA73 3EP ("**MHPA**").
- (3) **NEATH PORT TALBOT COUNTY BOROUGH COUNCIL** of Civic Centre, Port Talbot, SA13 1PJ ("**NPTCBC**").
- (4) **PEMBROKESHIRE COUNTY COUNCIL** of County Hall, Haverfordwest, SA61 1TP ("**PCC**")

(together known as the "**Parties**" and individually as the "**Party**").

BACKGROUND:

- (A) The Parties wish, following the success of their Bid, the approval of the Celtic Freeport by the UK and Welsh Government and the establishment of a company limited by guarantee as the corporate vehicle for the Celtic Freeport, to engage in the next steps in developing the Celtic Freeport.
- (B) The Parties agree that the provisions contained in this Memorandum are intended to provide a framework for the Parties to work together to deliver the Objectives
- (C) PCC and NPTCBC enter into this Memorandum pursuant to section 24 of the Local Government and Elections (Wales) Act 2021 and section 111 of the Local Government Act 1972 and all other enabling powers.

1. Interpretation

- 1.1 Clause, Schedule and paragraph headings shall not affect the interpretation of this Memorandum.
- 1.2 The Schedules form part of this Memorandum and shall have effect as if set out in full in the body of this Memorandum. Any reference to this Memorandum includes the Schedules.
- 1.3 References to clauses and Schedules are to the clauses and Schedules of this Memorandum and references to paragraphs are to paragraphs of the Schedules.
- 1.4 Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.5 A reference to any Party shall include that Party's employees, representatives and permitted assigns.
- 1.6 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.7 A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.
- 1.8 A reference to writing or written includes e-mail.

1.9 Any words following the terms including, include, in particular, for example or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.

1.10 Any reference to this Memorandum terminating shall, where the context requires, include a reference to this Memorandum terminating by expiry.

1.11 **Definitions**

Accountable Body means the accountable body for the Celtic Freeport with the initial roles and responsibilities as set out in Schedule 4 and as may be agreed by the Project Board;

Activities means the activities which the Parties have agreed are required to deliver elements of, or otherwise which fall within, promote or facilitate the Objective as set out in Schedule 1;

Banker means NPTCBC;

Bid means the joint bid dated xx and submitted by the Parties in response to the Freeport Programme in Wales bidding prospectus published the 1st September 2022

Budget means the budget for the implementation of this MOU, an indicative budget is set out in Schedule 6, and will be agreed by the Project Board;

Celtic Freeport means the Freeport in the geographical areas of Neath Port Talbot and Pembrokeshire and as more specifically set out in the Bid

Celtic Freeport Team means the Interim CEO; the Consultant; and Celtic Freeport Staff or such parties appointed from time to time as agreed by the Project Board;

Celtic Freeport Staff means employees from each of the Parties or other individuals as agreed by the Project Board the costs of each of those employees to be initially borne by the Party who is the employer or contracting party subject to clause 6.4 below;

CLG means Celtic Freeport Company Limited [company no 14779775] a company limited by guarantee, established as the corporate delivery vehicle for the Celtic Freeport;

Consultant means the person / company appointed by PCC (and paid

by the Banker) with the agreement of the Project Board to be the lead technical adviser in relation to the Activities for the Celtic Freeport (and an indicative role is set out at Schedule 5 paragraph 2) and the costs of this appointment being shared equally between the Parties;

Costs	means costs incurred in accordance with the Budget in the development of the Celtic Freeport including the Consultant, Interim CEO; and Other Professional Advisers
Data Protection Legislation	means the Data Protection Act 2018 and the retained UK version of the General Data Protection Regulation (Regulation (EU) 2016/679);
Delivery Programme	means the programme of works and other activities and planning designed to deliver the Vision and the Objective which shall be prepared by the Interim CEO and agreed by the Project Board identifying the timing of key activities, key interdependencies and any appropriate approval processes;
Government	means the Welsh Government and UK Government;
Government Funding	means the public funding in relation to the Celtic Freeport to be received by the Accountable Body, namely the anticipated £1 million being made available for the Celtic Freeport development costs and £26 million of capital seed funding;
Interim Chief Executive Officer (Interim CEO)	means the person/company appointed by PCC (and paid by the Banker) with the agreement of the Project Board to lead the implementation of the Celtic Freeport (and an indicative role is set out at Schedule 5 paragraph 1) and the costs of this appointment being shared equally between the Parties;
Memorandum	means this Memorandum;
Objective	means the objective identified in Schedule 1;
Outline Business Case	means the outline business case for the Celtic Freeport which is to be agreed by the Project Board and submitted to Government in advance of the Tax Site Designation;
Other Professional Advisers	means those other professional advisers such as (but not limited to) legal and tax professionals considered by the Project Board as needed to assist in the Celtic Freeport Team to be appointed by NPTCBC;
Procurement Regulations	means the Public Contracts Regulations 2015, the Utilities Contracts Regulations 2016 and the Concession Contracts

Regulations 2016; and all procurement legislation in force in England and Wales (& all regulations thereunder)

Project Board	means the Project Board established under this Memorandum, the governance details for which are set out in Schedule 2;
Tax Site Designation	means the legal designation by statutory instrument of the Celtic Freeport tax sites by His Majesty's Treasury;
Vision	means the proposals detailed in paragraph 1 of Schedule 1; and
Working Day	means any day other than a Saturday, Sunday or a public holiday.

IT IS AGREED

2. Commencement and Duration

2.1 This Memorandum shall commence on the date of this Memorandum of Understanding and shall continue until the earlier of the following events:

- (a) it is terminated earlier in accordance with this Memorandum; or
- (b) the date of any replacement agreement that Parties enter into in order to progress to any future stages of the Vision; or
- (c) the Tax Site Designation

2.2 For the avoidance of doubt, this Memorandum supersedes the memorandum of understanding dated xxx agreed between the Parties.

3. The Vision and the Objective

The Parties intend to collaborate to deliver the Vision and the Objective.

4. The Delivery Programme

4.1 The Parties will as soon as reasonably practicable establish a Delivery Programme that provides structure to the delivery of the Vision and the Objective and will take the Delivery Programme to a meeting of the Project Board for consideration and approval.

4.2 The Delivery Programme shall include (but not be limited to):

- (a) all of the Activities;
- (b) commentary on how each Activity contributes to the delivery of the Vision and the Objective and which Party shall be responsible for the completion of the Activity;
- (c) a timeline for completion of each Activity and the Delivery Programme and an estimated budget for delivering the Delivery Programme.

5. Governance

- 5.1 The Parties shall comply with the governance arrangements as set out in Schedule 2 (Governance).
- 5.2 The Parties agree that NPTCBC shall be the Accountable Body. The Parties agree that the Accountable Body shall accept the Government Funding on behalf of the Parties subject to any supplementary agreements which need to be in place between the Parties.

6. The Parties' Commitments

- 6.1 Each Party shall use reasonable endeavours to:
- (a) support delivery of the Vision and the Objective in accordance with this Memorandum;
 - (b) provide full and timely consultation on decisions pertaining to elements of the Delivery Programme that are applicable to it;
 - (c) commit to the use of resources to ensure the timely and cost-effective delivery of the Delivery Programme and the Objective and
 - (d) seek to support the delivery of the Delivery Programme and any element of the Delivery Programme in respect of which that Party has agreed to undertake obligations, in accordance with its powers and statutory functions, and available resources wherever possible
- 6.2 The Parties shall work together to identify funding sources (whether third party or otherwise in each case) to support the Delivery Programme and the Objective.
- 6.3 The Parties shall be equally responsible for the Costs and each Party shall pay their 25% cost contribution to the Banker within 14 days of demand by the Banker, supported by evidence for the costs then demanded. In the event any Value Added Tax is not recoverable, Value Added Tax liability will be met by the parties equally. The Parties hereby agree a maximum budget as of the date of this Memorandum of Agreement in the sum of £800,000 (£250,000 per party) subject to any variation that may agree by the Project Board.
- 6.4 The Parties recognise that there may be insufficient Government Funding to cover the Costs and Staff Costs The Accountable Body shall reimburse the Parties equally for Costs incurred and costs in relation to Celtic Freeport Staff ("Staff Costs") from the date of this Memorandum of Understanding when in receipt of the Government Funding or other income or funding from, for example landowners, provided such expenditure is properly incurred, agreed by the Project Board and evidenced (as may be required by the Accountable Body) and is in accordance with the Delivery Programme. For the avoidance of doubt expenditure not authorised by the Project Board shall not be capable of being repaid to Parties.
- 6.5 The Parties shall (subject to the sub-clause of this clause 6.5 and to clause 16) keep all information received pursuant to this Memorandum confidential and only ensure those individuals that need to know such information are in receipt of it. Where information is to be

disclosed to an external party it shall be done so with suitable confidentiality provisions in place and with prior agreement of all Parties. The foregoing confidentiality requirements of this clause shall not apply to any disclosure of information:

- (a) Where a Party can demonstrate that such information is already generally available and in the public domain otherwise than as a result of a breach of this clause;
- (b) Which is already lawfully in the possession of the receiving party, before it disclosure by the disclosing party;
- (c) By PCC or NPTCBC to any other department, office or agency of the Government, provided that the disclosing party informs the receiving party of any duty of confidence owed in respect of the confidential information.

7. Collaborative Working

7.1 The Parties agree that the Activities under this Memorandum shall be performed in:

- (a) good faith;
- (b) accordance with the law;
- (c) a good and workmanlike manner; and
- (d) accordance with good industry practice.

7.2 The Parties may decide to disclose (subject to procurement, data protection and confidentiality restrictions) to each other all relevant information, data, documents, reports and opinions with respect to the work carried out as part of the collaboration. Any information provided to Parties pursuant to the Vision and Objective shall be held on a confidential basis (save for the provisions identified in Clause 16)

7.3 The Parties agree that all services procured in relation to the Objective shall be procured on behalf of and for the benefit of all the Parties and the Party procuring or in receipt of such services shall ensure that all such information and materials are shared fully and promptly with the other Parties.

8. Engagement with Third Parties

8.1 The Parties acknowledge that the delivery of the Vision and the Objective will involve negotiations and interactions with various third parties. The Parties shall, at the outset of the Delivery Programme, identify appropriate third parties and decide how best to engage with them in order to enter into appropriate contractual arrangements or other Memorandums to facilitate the delivery of the Delivery Programme. The Parties shall at all times act in good faith towards one another when dealing with other third parties.

9. Banker

9.1 The Banker will be responsible for paying invoices in relation to services procured in relation to the Objective, collecting relevant contributions from each of the Parties.

10. **Branding, Marketing and Publicity**

- 10.1 Any branding or intellectual property rights developed through the collaboration resulting from this Memorandum and associated with the Objective shall be owned exclusively by the Parties and the CLG jointly. The Parties license all such rights to the other Parties and the CLG ("**Licensees**") free of charge and on a non-exclusive, worldwide basis (a) to such extent as is necessary to enable the Parties to support the Objective during the life time of this Memorandum and (b) without restriction thereafter.
- 10.2 The prior written consent of all Parties, via the Project Board, is necessary before any press announcements or publications are made relating to the collaboration or the Objective, subject to any delegated authority granted by the Project Board to the Interim Chief Executive..

11. **Variation**

- 11.1 No variation of this Memorandum shall be effective unless it is signed by all the Parties (or their authorised representatives).

12. **Compliance**

- 12.1 The Parties recognise that the PCC and NPTCBC are contracting authorities for the purposes of the Procurement Regulations. PCC and NPTCBC shall ensure that any procurements are conducted in accordance with their constitutions and, as required, the Procurement Regulations.
- 12.2 The Parties recognise that the PCC and NPTCBC are subject to the Subsidy Control Act 2022. PCC and NPTCBC shall ensure that the use of public resources in relation to the Celtic Freeport is in accordance with the Subsidy Control Act 2022.

13. **Dispute Resolution Procedure**

If any dispute arises out of, or in connection with this Memorandum, the Parties shall follow the dispute resolution procedure set out at Schedule 3 (Dispute Resolution Procedure).

14. **Termination**

- 14.1 Any Party may terminate this Memorandum by providing 30 days written notice to all Parties.
- 14.2 For the avoidance of doubt, upon termination in accordance with clause 14.1, all Parties shall still be liable for their share of the financial contributions incurred or committed upto and including the date of such termination as a result of the Activities.
- 14.3 Clauses 6.5, 10, 13, 14.2, 15, 16 and 20 shall survive termination and expiry of this Memorandum for all Parties.

15. **Data Sharing**

The Parties are independent data controllers (within the meaning of the Data Protection Legislation) and shall comply with the Data Protection Legislation. In the event that one Party processes personal data (as defined in the Data Protection Legislation) on behalf of another Party, an appropriate data processing agreement shall be entered into. In the event that there

shall be sharing of personal data by the Parties then a data sharing agreement shall be entered into.

16. **Freedom of Information & Environmental Impact Regulations**

- 16.1 The Parties acknowledge that the Freedom of Information Act 2000 (“**FOIA**”) and Environmental Impact Regulations 2004 (“**EIR**”) apply to PCC and NPTCBC (each an “**FOIA / EIR Party**” for the purposes of this clause 16 (Freedom of Information & Environmental Impact Regulations) where the FOIA / EIR Party has obligations and responsibilities under FOIA and EIR to disclose, on written request, recorded information held by it).
- 16.2 Although reasonable endeavours will be used to hold confidential any information provided as part of the collaboration, if required, the FOIA / EIR Party may have to disclose information in response to a request, unless the FOIA / EIR Party decides that one of the statutory exemptions under FOIA or EIR applies.
- 16.3 The decision as to which information will be disclosed by the FOIA / EIR Party is reserved to that FOIA / EIR Party, notwithstanding any consultation with the other Parties.
- 16.4 Each of the other Parties accepts that the release of certain information pursuant to this clause 16 (Freedom of Information & Environmental Impact Regulations) may be prejudicial to its commercial interests and as such, to assist the FOIA / EIR Party with any responses to requests made under FOIA or EIR, each of the other Parties shall mark as confidential any information which is commercially confidential in nature, though the FOIA / EIR Party shall still be the final arbiter as to whether any documents are disclosable.
- 16.5 The Parties accept that the obligations under FOIA and EIR may apply to activities on which PCC and NPTCBC work with each and all of the other Parties as part of the collaboration.
- 16.6 In certain circumstances, and in accordance with the Code of Practice issued under section 45 of FOIA, the FOIA / EIR Party may consider it appropriate to ask the other Parties for their views as to the release of any information before a decision on how to respond to a request is made. In dealing with requests for information under FOIA, the FOIA / EIR Party must comply with a strict timetable and the FOIA / EIR Party would, therefore, expect a timely response to any consultation within two Working Days.

17. **Statutory Functions**

- 17.1 Nothing in this Memorandum shall be construed as a fetter, restriction or oblige any Party to do or omit to do anything which in each case:
- (a) is incompatible with the lawful exercise of its powers; or
 - (b) is incompatible with the lawful discharge of its functions; or
 - (c) divests it of its statutory powers; or
 - (d) obliges it not to exercise its powers,

and in every instance where there is an inconsistency or conflict between statutory functions (whether powers or duties) and the provisions of this Memorandum, the Parties shall not be

obliged to comply with the terms of this Memorandum.

18. Entire Memorandum

18.1 This Memorandum constitutes the entire Memorandum between the Parties and supersedes and extinguishes all previous drafts, Memorandums, arrangements and understandings between them, whether written or oral, relating to its subject matter.

18.2 The Parties may not rely on other documents, oral Memorandums or representations as to the operation of the collaboration unless such obligations are covered in the Memorandum.

18.3 Each Party agrees that it shall have no remedies in respect of any representation or warranty (whether made innocently or negligently) that is not set out in this Memorandum. No Party shall have any claim for innocent or negligent misrepresentation based on any statement in this Memorandum.

19. No Partnership

Nothing in this Memorandum is intended to, or shall be deemed to, establish any partnership between the Parties, or authorise any Party to make or enter into any commitments for or on behalf of the other Parties, except to the extent that such commitments are set out in the Memorandum and relate exclusively to the collaborative work undertaken by the Parties under this Memorandum.

20. Governing Law and Jurisdiction

20.1 Clause 6.3, 6.4, 6.5, 10.1, 14, 15, 16, 17, 18, this Clause 20, and clause 21 of this Memorandum of Understanding are intended by the Parties to be legally binding. The provisions set out in the remaining paragraphs of this Memorandum are not intended by the Parties to be legally binding

20.2 This Memorandum and any dispute or claim arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the laws of England and Wales.

20.3 Each Party irrevocably agrees that, subject to clause 13 (Dispute Resolution Procedure), the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with this Memorandum or its subject matter or formation (including non-contractual disputes or claims).

21. Third Party Rights

A person or entity which is not a Party to this Memorandum shall not have any rights under the Contracts (Rights of Third Parties Act) 1999 to enforce any term of this Memorandum.

22. Counterparts

This Memorandum may be executed in any number of counterparts, each of which when executed shall constitute a duplicate original, but all the counterparts shall together constitute the one Memorandum.

SCHEDULE 1

The Vision

- (1) The Parties wish to engage in developing the Celtic Freeport in a collaborative and fair way to implement and deliver the proposals set out in the Bid. (hereinafter referred to as “the **Vision**”)
- (2) The Parties wish to work together to progress the implementation of the Bid to include the development of the Outline Business Case and tax sites, to include
 - Development of decision making systems and management mechanism though to full business case approval and beyond into operational phase as a Freeport Company;
 - Development of governance procedures for the deployment of monies accrued from retained business rates and distributed via a pooling mechanism between PCC and the NPTCBC;
 - Detailed planning discussions with owners of tax sites and development of a mechanism for managing these relationships;
 - Managing the distribution of seed capital from the government.
 - Development of a detailed project plan, as required by Government, identifying how key objectives will be achieved, with the outcome that the Celtic Freeport becomes a sustainable operational body.
 - Organisation of a dedicated core Celtic Freeport resource team within each Local Authority to manage this process. Others resources will be on a commissioned basis.
 - A programme of ongoing lobbying as to the purpose of the Celtic Freeport and the wider benefits which will accrue to the region

(“the **Objective**”)

- (3) To achieve the Vision and the Objective the Parties shall
 - (a) enter into this Memorandum signalling a wish to work collaboratively in developing the Celtic Freeport;
 - (b) Identify and agree the appointment of the Consultant;
 - (c) Identify and agree the appointment of the Interim CEO;
 - (d) Identify and agree the appointment of Other Professional Advisers as the Parties require to assist in the Objective;
 - (e) Develop the CLG, its governance arrangements and identify appropriate Directors;
 - (f) Identify Celtic Freeport Team and the utilise the Celtic Freeport Team in furtherance of the Objective;
 - (g) Develop the role and underpinning principles of the Accountable Body;

- (h) Develop proposals for the business model for the Celtic Freeport;
 - (i) Undertake preparation for the designation of tax sites;
 - (j) Finalise the Outline Business Case;
 - (k) Undertake engagement with potential tax site landowners;
 - (l) Finalisation of tax site boundaries;
 - (m) Undertake preparation of agreements in relation to tax site delivery with relevant landowners; heads of terms for TSDAs; number of agreements; structure of agreements issue pack to landowners and agree agreements;
 - (n) Engage with other relevant collaborations and regional initiatives
- (hereinafter referred to as “the **Activities**”)

SCHEDULE 2

Governance

The Parties agree to collaborate through a Project Board (the "**Project Board**"), and shall adopt the following governance framework in respect of the Project Board:

1. Project Board Members

- a. Each Party shall nominate one (1) representative as their appointee member ("**Appointee Member**")
- b. Each Appointee Member may appoint an alternate to attend specific meetings of the Project Board. Such alternate shall have appropriate experience, knowledge and authority pertaining to the matters to be discussed at such meetings.

Other representatives of the Parties shall be entitled to attend meetings of the Project Board as and when required taking into account the commitment by the Parties to deliver the Vision and the Objective but shall have no voting status.

- c. Each Party shall ensure their Appointee Member has sufficient authority to make decisions at Project Board meetings which will be binding on the relevant Party. In the event that an appointee member does not have the relevant authority in respect of any decision, the decision of the Project Board will not be binding upon the relevant Party until such time as the decision has been considered and approved by the relevant Party in accordance with its requirements, such consideration and approval to be dealt with promptly by the relevant Party.
- d. The S151 Local Government Act 1972 Officers of both PCC and NPT shall be invited to attend meetings of the Project Board (in an observing capacity only).

2. Chair, Decision Making and Secretariat

- a. The Chair for the Project Board shall be agreed by the Appointee Members at the first meeting of the Project Board.
- b. Any decision making shall be unanimous. For the avoidance of doubt where a determination is not unanimous it shall be determined in accordance with the Dispute Resolution clause.
- c. NPTCBC shall undertake the administrative support. The secretariat function shall include:
 - i. the setting up of meetings and hiring of venues;
 - ii. all notifications to Parties and Project Board members;
 - iii. preparing the agenda and minutes for each meeting,

and such other secretarial functions as are appropriate to the proper functioning of the Project Board.

3. Agenda and Minutes

- a. The secretariat shall circulate the agenda for each meeting at least 2 working days before the date of the meeting, together with copies of all supporting documentation relating to the agenda items.
- b. The secretariat shall circulate a first draft of each set of meeting minutes within 5 Working Days following the date of the meeting. Each Appointee Member (or attending alternate) shall notify any errata to the secretariat within 3 days of receipt and the secretariat will issue a final set of minutes within 10 Working Days of the meeting.

4. Meetings

The Project Board will initially meet every two weeks and or as required by any of the appointee member

5. Governance

- a. In accordance with the main provisions of this Memorandum, the key activities of the Project Board are:
 - i. to appoint a Consultant and Interim CEO;
 - ii. to agree the authority of the Interim CEO (and associated delegations required) ;
 - iii. to consider and approve the Delivery Programme prepared by the Interim CEO;
 - iv. to consider and agree a governance structure for the CLG and the board membership of the CLG
 - v. to consider and approve the appointment of Other Professional Advisers;
 - vi. to consider recommendations of the Interim CEO and Consultant, and the Parties about how to deliver the Vision and the Objective and to make decisions on such matters;
 - vii. receipt of regular updates on the progress of the Delivery Programme;
 - viii. to agree the Budget covering anticipated income and expenditure to achieve the Objective and to subsequently monitor budget in connection with the Delivery Programme and the Objective;
 - ix. to consider and agree the approach to the use of Government Funding to reimburse the Costs and Staff Costs incurred by the Parties;
 - x. to provide written approval before any press announcements or publications are made relating to the Objective;
 - xi. oversee the development of the Outline Business Case, approve it, and submit it to Government; and
 - xii. to consider any other matters and make any decisions which are reasonably necessary for the Vision and Objective from time to time.

- b. The Project Board may establish sub-groups where this is considered appropriate in connection with specific elements of the Delivery Programme and will facilitate the progress of the same.

SCHEDULE 3

Dispute Resolution Procedure

1. If any dispute arises out of, or in connection with this Memorandum, the Parties shall follow the procedure set out below.
2. The initiating Party shall give to the other Parties written notice of the dispute, setting out its nature and full particulars, together with relevant supporting documents. On receipt of this written notice, the other Parties shall attempt in good faith to resolve the dispute at meeting of the Project Board.
3. If the Parties are unable to resolve the dispute within 30 days of receipt of the written notice as detailed in paragraph 1 above, the Parties shall attempt to settle the dispute by reference of the dispute to, in the case of ABP, their Chief Commercial Officer, MHPA, their Chief Executive Officer and in the case of PCC and NPTCBC to the Chief Executives.
4. If the Parties are unable to resolve the dispute within 30 days of reference of the dispute in accordance with paragraph 3 above, then the dispute shall be referred to a mediator for resolution. The Parties will attempt to agree upon the appointment of a mediator, upon receipt, by any of them, of a written notice to concur with such appointment. Should the Parties fail to agree within 14 days, a Party, upon giving written notice, may apply to the President or Deputy President, for the time being, of the Chartered Institute of Arbitrators, for the appointment of a mediator.
5. If the Parties are unable to resolve the dispute within 30 days of reference of the dispute under paragraph 4 above, then the Parties may undertake such measures to resolve the dispute as are lawfully available to them.

Schedule 4

Accountable Body

The Accountable Body will be accountable to the Government for the expenditure and management of centrally funded public money provided for the development of the Celtic Freeport and will perform the following functions:

- (1) Receive Government Funding on behalf of the Parties.
- (2) Ensure that Government 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 Government Funding received and disbursed.
- (4) Establish a mechanism for the reimbursement of Costs equally between the Parties out of the Government Funding.
- (5) Ensure that all required information on expenditure, activities and outcomes are properly recorded and reported.
- (6) Ensure that good governance is embedded in the decision-making arrangements.

Schedule 5

Interim CEO and Consultant Indicative Roles

1. Interim CEO

- 1) Overall responsibility to the Project Board to produce Delivery Programme, deliver the Outline Business Case and set-up on a day-to-day basis in accordance with the Vision and the Objective
- 2) Lead on Governance to the Project Board
- 3) Key point of contact and face of Celtic Freeport to Government
- 4) Convene regular working group meetings
- 5) Develop Outline Business Case
- 6) Manage external advisers/ Other Professional Appointments
- 7) Overall accountability for project Budget to Outline Business Case conclusion
- 8) Devise and lead negotiations on tax site agreements
- 9) Develop how the Celtic Freeport's relationship will function with other regional bodies
- 10) Handle any external commercial enquiries and triage appropriately
- 11) Develop post Outline Business Case resource plan and budget

2. Consultant

Component	Description
1. Outline Business Case (OBC)	<ul style="list-style-type: none"> } Leading on the development of all OBC documentation, produced to be compliant with Government guidance. } Supporting the further development of the bid-stage narrative and detailed components of: <ul style="list-style-type: none"> o the strategic rationale, and o tax and customs sites offer. } Financial analysis, including: <ul style="list-style-type: none"> o building a tax and business rates model (working with promoters and end-users to develop realistic time scales for development at each of the tax sites), o additionality analysis, o Freeport governance and operating costs, and o further work around seed capital funding requirements. } Economic modelling, narrative and analysis. } Developing and maintaining a Freeport risk register.

	<ul style="list-style-type: none"> } Developing and maintaining a Freeport Implementation Plan. } Coordinating and guiding technical inputs from others, e.g. around decarbonisation, skills and innovation strategies. } Supporting the development of the Freeport governance arrangements. } Support to the Freeport Board, working-level officer group and Project Director. } Support in engagement with the UK and Welsh Governments and in agreeing the scope of the OBC, responding to feedback on draft submissions until the point of final approval.
<p>2. Tax site designation and Tax Site Delivery Agreements</p>	<ul style="list-style-type: none"> } Progressing the crucial Tax Site Delivery Agreements, including: <ul style="list-style-type: none"> o setting out what is required in these, from whom, when, and why, o financial analysis to underpin the commitments being made by the parties to these agreements, o supporting delivery plans/timetables. } The extent to which we are involved in liaison/negotiation with promoters and end-users, the local authorities and others who will be party to or impacted by the agreements, will depend on the nature of the agreements, and may be more appropriately undertaken by legal advisors. } Supporting the liaison with DLUHC, HMT and the Welsh Government on the formal designation (through legislation) of tax sites.

Schedule 6

Indicative Budget

The below is the indicative budget for the Costs up to submission of the Outline Business Case and is subject to agreement by the Project Board.

Category	Run Rate	Estimate
Bid Director	£20k pcm	£120k
Other Staff	£20k pcm	£120k
Accountable Body	£5k	£30k
Legal		£!50-200K
Accounting / set - up		£20k
Contingency		£100k
Business Case Advice (OBC)		£200k
Tax Site Advice		£100-150k
Total		£540-720K

Execution

Executed as a Deed by

ASSOCIATED BRITISH PORTS

By a DIRECTOR

.....

In the presence of:

Witness Name:

Witness Signature

Witness Address

Executed as a Deed by

MILFORD HAVEN PORT AUTHORITY

By a DIRECTOR

.....

In the presence of:

Witness Name:

Witness Signature

Witness Address

THE COMMON SEAL OF

NEATH PORT TALBOT COUNTY

BOROUGH COUNCIL

Was hereunto affixed

In the presence of:

.....

THE COMMON SEAL OF
PEMBROKESHIRE COUNTY
COUNCIL

Was hereunto affixed

In the presence of:

.....

Mae'r dudalen hon yn fwriadol wag

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: <p>On the 22nd March 2023, the Council received notification that, following a joint decision between the UK and Welsh governments, Celtic Freeport and Anglesey Freeport have been selected as the successful bids in the Welsh Freeport competition.</p> <p>The Freeport Policy is designed to create tens of thousands of new jobs, boost business, and unleash potentially billions of pounds of investment in the local areas and beyond.</p> <p>Subject to the development and approval of a business case, the Freeports will each receive up to £25 million of Government funding. This is on top of a range of measures, including locally retained business rates to upgrade local infrastructure and stimulate regeneration. Businesses locating in these Freeports will be able to take advantage of tax reliefs and a simplified customs procedure, as well as a package of trade and innovation support.</p>
1d	Who will be directly affected by this initiative? <p>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</p>

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	<p>economic freedoms following Brexit, contribute to the 'levelling up' agenda and support the country's economic recovery from the Covid downturn.</p> <p>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.</p>
1e	<p>When and how were people consulted?</p> <p>At its meeting on the 21st November 2022, Cabinet resolved that having due regard to the integrated impact screening assessment that:</p> <ul style="list-style-type: none"> • Members approve the submission of a bid for a Freeport covering the port of Port Talbot and the port of Milford Haven; • Members grant delegated authority to the Chief Executive, in consultation with the Leader of Council to agree amendments to the Bid prior to its Full submission to the Welsh Government; • Members approve Neath Port Talbot County Borough Council's nomination as the Accountable Body for the proposed Freeport; and • 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; and • 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. <p>The Freeport bid has been developed by the two local authorities, Associated British Ports and Milford Haven Port Authority, working in consortium.</p> <p>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.</p>

1f

What were the outcomes of the consultation?

Letters of support from such organisations have been received 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	Freeport Policy aims to 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.
Disability			X	
Gender reassignment			X	
Marriage & civil partnership			X	
Pregnancy and maternity			X	Further work will be needed during the development of the Outline Business Case 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.
Race			X	
Religion or belief			X	
Sex			X	Indirectly, Freeport policy suggests 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.
Sexual orientation			X	

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				provide a mechanism to further ensure there is equal opportunity for people who share a protected characteristic.
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What action will be taken to improve positive or mitigate negative impacts?
An outline business case will be required in accordance with HM Treasury Green Book rules. 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	Freeport policy 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 aims to help 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.

			<p>Freeport policy aims to 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.</p> <p>As part of the full 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.</p>
To foster good relations between different groups	X		<p>Freeport policy aims to promote regeneration across local economies and communities by driving inclusive and sustainable growth locally, regionally and nationally.</p> <p>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.</p> <p>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</p>

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

As indicated above, there will be a requirement to prepare a full 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

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	+	-	+/ -	Why will it have this impact?
Community Cohesion			X	<p>The Freeport Programme is designed 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 aims to build on existing local strengths and make the nearby Welsh cities, towns and villages even better places to live and work.</p> <p>A Freeport Programme in Wales aims to help to promote regeneration across local economies and communities by driving inclusive and sustainable growth locally, regionally and nationally.</p> <p>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.</p> <p>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.</p>

Social Exclusion	X			As above – the detail will be further developed during the full 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 full business case stage.

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

The outline business case will 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 than 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		<p>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.</p> <p>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 full business case stage.</p>
To promote the resilience of ecosystems, i.e. supporting protection of the wider environment, such as air quality, flood alleviation, etc.	X		<p>Leading the transition to net zero is a priority for the region and a key theme across public and private stakeholders in the bid.</p> <p>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.</p> <p>Addressing decarbonisation is a key building block in the UK meeting its 2050 net zero target.</p> <p>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.</p> <p>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.</p> <p>An additional opportunity is the development of CCS, which is a critical component in decarbonising the existing energy sector.</p>

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 work programme, 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	<p>A Freeport Programme in Wales aims to help to promote regeneration across local economies and communities by driving inclusive and sustainable growth locally, regionally and nationally. A Freeport aims to support the <u>Welsh Government’s Mission</u> 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 aims to 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 <u>UK Government’s Plan for Wales</u>.</p> <p>The Freeport programme seeks to generate 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 <u>the Well-being of Future Generations (Wales) Act 2015</u>.</p> <p>The Freeport Programme aims to provide access to a mixture of financial incentives, embedded by good governance that supports a strong partnership between local, private and public sector</p>

	<p>stakeholders; with the support of both the Welsh and UK governments in attracting investment; and supporting a strong local and regional skills base.</p> <p>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. It 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.</p>
<p>ii. Prevention – preventing problems occurring or getting worse</p>	<p>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.</p> <p>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.</p> <p>The potential of the Freeport is that it is a unique opportunity that could fast track low carbon technology and decarbonisation focussed projects, contributing to the net zero agenda. Freeport status could 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 could come with a Freeport.</p>

	<p>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.</p>
<p>iii. Collaboration – working with other services internal or external</p>	<p>On the 22nd March 2023, the Council received notification that, following a joint decision between the UK and Welsh governments, Celtic Freeport and Anglesey Freeport have been selected as the successful bids in the Welsh Freeport competition.</p> <p>The new Freeports will help to create tens of thousands of new jobs, boost business, and unleash potentially billions of pounds of investment in the local areas and beyond. Huge congratulations to the successful locations.</p> <p>Subject to the development and approval of a business case, the Freeports will each receive up to £26 million of Government funding. This is on top of a range of measures, including locally retained business rates to upgrade local infrastructure and stimulate regeneration. Businesses locating in these Freeports will be able to take advantage of tax reliefs and a simplified customs procedure, as well as a package of trade and innovation support.</p>
<p>iv. Involvement – involving people, ensuring they reflect the diversity of the population</p>	<p>Celtic Freeport 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.</p> <p>A broad 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</p>
<p>v. Integration – making connections to maximise contribution to:</p>	<p>Celtic Freeport aims to 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.</p>

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 aims to 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 CO₂ 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 could 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 could 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 aims to 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 aims 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

	<p>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.</p> <p>A more equal Wales</p> <p>Celtic Freeport seeks to 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 entrenched, inter-generational poverty, growing local productivity and wages.</p> <p>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.</p> <p>A Wales of cohesive communities</p> <p>Increased investment and a growing local economy are often linked with increased community cohesion. Celtic Freeport aims to 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.</p> <p>A Wales of vibrant culture and thriving Welsh language</p> <p>It is intended 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 aim to help to spread the Welsh language and culture.</p>
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	<p>Furthermore, increased economic growth can free up headroom in local and regional budgets to invest into culture and arts.</p> <p>A globally responsible Wales</p> <p>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 become an exporter of FLOW technologies, not to mention green hydrogen, sustainable aviation fuel and other products.</p> <p>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.</p>
Council's well-being objectives	<p>The proposition addresses all four of the Council's wellbeing objectives:</p> <p>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; fully the creation of many new, sustainable and well paid jobs will deliver the Council's ambitions to improve jobs and skills</p>
Other public bodies objectives	<p>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.</p> <p>Both Pembrokeshire 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.</p> <p>Initial discussions with FE, HE and government partners have been very positive.</p>

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 full 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 full 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

<p>CONTINUE</p> <p>Further development of the proposition will take place as part of the development of the outline business case and full business case.</p>
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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 outline and full business cases	Director of Environment and Regeneration	By conclusion of the Full Business Case	Evidence in the Full 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	Director of the Environment and Regeneration	Will need to be addressed within any planning process	Planning consent is granted and any conditions are effectively and full discharged