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:
	On the 22 nd 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.
	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.
	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.
1d	Who will be directly affected by this initiative?
	The UK and Welsh Governments have launched a Freeport initiative aimed at boosting economic growth by creating special economic zones around ports which would provide an array business incentives. This policy is designed to take advantage of the UK's new

economic freedoms following Brexit, contribute to the 'levelling up' agenda and support the country's economic recovery from the Covid downturn.

The initiative will directly affect the landowners proposed to be included in the tax zones and customs zones and they have been fully involved in drawing up the bid.

1e When and how were people consulted?

At its meeting 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.

The Freeport bid has been developed by the two local authorities, Associated British Ports and Milford Haven Port Authority, working in consortium.

Wider consultation has also taken place with a wide range of public and private sector organisations including business networks within the Freeport proposed area. Letters of support from such organisations will be included in the submission to the Welsh Ministers.

1f What were the outcomes of the consultation?

Letters of support from such organisations 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			Х	Freeport Policy aims to directly benefit those of working age who would have the
Disability			Х	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
Gender reassignment			Х	address socio-economic disparities within the local population.
Marriage & civil partnership			Х	
Pregnancy and maternity			Х	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
Race			Х	would cater for all people with protected characteristics to have equal opportunity to take
Religion or belief			Х	up jobs in the new employment.
Sex			Х	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 group would benefit. More detail will develop as the proposition moves forward into future stages.
Sexual orientation			X	There will be a requirement to establish a Freeport entity to operate the freeport. For the purpose of any future governance structure that would be embarked on, diversity would include, but is not limited to, skills and experience, gender, and ethnicity, to reflect the diverse nature of the environment in which the Freeport would operate and will be made in the context of the skills, knowledge, experience, background and independence that is required for any governance structure to be able to ensure effective delivery. A consultative committee which would enable the participation of trade union representatives would

		provide a mechanism to further ensure there is equal opportunity for people who share a
		protected characteristic.

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			х	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	х			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.

		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. 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.
To foster good relations between different groups	X	Freeport policy aims to promote regeneration across local economies and communities by driving inclusive and sustainable growth locally, regionally and nationally. Green economic growth will help to address structural issues of poverty and deprivation in the local and regional economy stimulating the local supply chain and increasing the skills and qualifications of the resident population. By addressing the root causes of poverty and deprivation communities will be strengthened and become more cohesive. This will assist in discharging the duty to foster relations between different groups

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

	+	-	+/	Why will it have this impact?
			Х	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.
Community Cohosion				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.
Community Cohesion				Bringing together local organisations that are trying to achieve similar regeneration goals, pooling resources and creating shared objectives can be the best way to deliver outcomes that are truly transformative and achieve 'levelling up' across communities.
				Areas in proximity to the areas proposed to be include in the Freeport are amongst the most deprived (10%) in Wales. Economic growth has the potential to transform these communities and to address the root causes of the poverty and disadvantage that people currently experience. The commitment to Fair Work and sustainability should ensure that new employment will be well paid and secure.

Social Exclusion	X	As above – the detail will be further developed during the 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.

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			х	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 			Х	There is no impact on treating the Welsh language less favourably that English. Compliance will be had at all times to Welsh Language Standards, so far as they relate to the Council. Branding will be bilingual

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?
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To maintain and enhance biodiversity	x	The existing energy clusters at Milford Haven and Port Talbot have a negative impact on the environment, including from noise and CO2 emissions. Pivoting activity on these sites towards green energy will reduce this impact, as well as supporting the UK's transition towards a lower carbon future. The development of the Freeport itself is being assessed to ensure any impacts on biodiversity can be fully mitigated and biodiversity enhanced. This will be subject to more detailed consideration at the full business case stage.
		Leading the transition to net zero is a priority for the region and a key theme across public and private stakeholders in the bid.
		Fundamentally, with a transition to renewables comparable and bigger than the existing fossil fuel based economy, the region is at risk of declining living standards and growing deprivation.
To promote the resilience of	x	Addressing decarbonisation is a key building block in the UK meeting its 2050 net zero target.
ecosystems, i.e. supporting protection of the wider environment, such as air		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.
quality, flood alleviation, etc.		FLOW is the biggest opportunity that links the strategic ports of Milford Haven and Port Talbot. The region is uniquely placed to take advantage of the opportunities around green hydrogen which have strong synergies with the emerging FLOW opportunity. The stakeholders are already delivering hydrogen based projects in the region which a Freeport can accelerate.
		An additional opportunity is the development of CCS, which is a critical component in decarbonising the existing energy sector.

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?

to promote regeneration agrees local economics and
able growth locally, regionally and nationally. A Freeport ssion to build a prosperous, green and equal economy ability, and the industries and services of the future. The lity to attract investment and new businesses, bringing deprived communities and supporting delivery of key be UK Government's Plan for Wales.
commitment to supporting Wales becoming a more cial, economic and cultural well-being of Wales, specifically ple designed to maximise contribution to achieve each of being of Future Generations (Wales) Act 2015. cess to a mixture of financial incentives, embedded by
i b

stakeholders; with the support of both the Welsh and UK governments in attracting investment; and supporting a strong local and regional skills base.

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.

ii. Prevention – preventing problems occurring or getting worse

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

The region's economic challenges are linked with long term process of industrial change that is still ongoing. The industrial base in Pembrokeshire and Neath Port Talbot is reliant on fossil fuels which possess significant risks associated with the transition to net zero. As things stand there is a risk the industrial base will not be able to sustain green jobs for future generations and provide high value jobs to large parts of the population. This could have the potential to risk declining living standards and growing deprivation.

The potential of the Freeport is that it is a unique opportunity 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.

iii.	Collaboration – working with other services internal or	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. On the 22 nd 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.
	external	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.
		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.
iv.	Involvement – involving people, ensuring they reflect the diversity of the population	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.
		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
v.	Integration – making connections to maximise contribution to:	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.

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

health benefits for local residents, including improved lung health and mental well-being. This will have knock-on economic benefits by keeping people healthier for longer.

A more equal Wales

Celtic Freeport 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 intrenched, inter-generational poverty, growing local productivity and wages.

Tax Site Delivery Agreements will commit landowners and employers to offering fair working conditions to employees, and the Freeport Company Board will have a designated diversity champion to ensure the Freeport has a positive impact on socio-economic disparities within the local population.

A Wales of cohesive communities

Increased investment and a growing local economy are often linked with increased community cohesion. Celtic Freeport 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.

A Wales of vibrant culture and thriving Welsh language

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.

	Furthermore, increased economic growth can frees up headroom in local and regional budgets to into culture and arts.				
	A globally responsible Wales				
	Delivering FLOW in the Celtic Sea will serve as a globally recognised proof of concept, and the Freeport supports our ambitions to be a 'first mover'. If conditions are right, Wales could be become an exporter of FLOW technologies, not to mention green hydrogen, sustainable aviation fuel and other products.				
	There will be significant global benefits from the step change in renewable energy investment delivered by Celtic Freeport. Decarbonising the South Wales industrial cluster is a critical step for Wales and the UK in meeting 2050 net zero targets. The Freeport will accelerate this and make the path to net zero more credible.				
Council's well-being objectives	The proposition addresses all four of the Council's wellbeing objectives:				
	New, green jobs, supported by accessible and good quality skills and learning pathways will help all children and young people have the best start in life; addressing the root causes of poverty by ensuring there are more, green and wellbeing jobs for local people will address inequality which in turn will help develop thriving and sustainable communities; the focus on decarbonising industry, housing and travel at scale will help conserve the environment for future generations. There is scope to capture the unique culture and heritage of former industries in the transition process to conserve this important part of the area's past for future generations also; fullly the creation of many new, sustainable and well paid jobs will deliver the Council's ambitions to improve jobs and skills				
Other public bodies objectives	The Council is working in consortium with Pembrokeshire Council. Consensus has been reached on the basis of this bid with both authorities agreed that a partnership across the two local authorities positions the wider region to take advantage of the Celtic Sea offshore wind opportunity. Both Pembroke and NPT councils have promoted the Freeport opportunity within the South West Wales CJC. It is anticipated that the four local authorities within the region will wish to give greater focus to the opportunity that FLOW will potentially create for the whole region. Initial discussions with FE, HE and government partners have been very positive.				

8. Monitoring Arrangements

Provide information on the monitoring arrangements to:

Monitor the impact of the initiative on Equalities, Community Cohesion, the Welsh Measure, Biodiversity Duty and the Wellbeing Objectives.

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

9. Assessment Conclusions

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

	Conclusion		
Equalities	The overall impact is expected to be positive. More work is needed in the 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	\boxtimes	
•	Make adjustments - as potential problems/missed opportunities/negative impacts have been identified along		
	with mitigating actions		
•	Justification - for continuing with the initiative even though there is a potential for negative impacts or missed opportunities		
•	STOP - redraft the initiative as actual or potential unlawful discrimination has been identified		

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

CONTINUE

Further development of the proposition will take place as part of the development of the outline business case and full business case.

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