

<b>DECISION-MAKER:</b>	CABINET
<b>SUBJECT:</b>	UPDATE ON THE CURRENT SOLENT FREEPORT PROPOSALS AND SUPPORT FOR THE SUBMISSION OF THE OUTLINE BUSINESS CASE (OBC)
<b>DATE OF DECISION:</b>	15 NOVEMBER 2021
<b>REPORT OF:</b>	<b>COUNCILLOR MOULTON - DEPUTY LEADER AND CABINET MEMBER FOR GROWTH</b>

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<b>STATEMENT OF CONFIDENTIALITY</b>	
Appendix 2 to this report is confidential, the confidentiality of which is based on category 3 of paragraph 10.4 of Councils Access to Information Procedure Rules.	
<b>BRIEF SUMMARY</b>	
This report considers the developing outline business case for the Solent Freeport and the national approvals process by HM Treasury (HMT) and the Department for Levelling Up, Housing and Communities (DLUHC) and seeks strategic support to submit this business case as a Board Member of Solent Freeport Consortium Limited (SFCL).	
Southampton City Council (SCC) has, to date, supported the process of establishing the Solent Freeport, with representation by Leaders of the Council on the Solent Freeport Consortium Limited (SFCL) company from 2020/21 and beyond	
In the forthcoming period to 31 March 2022 it will be necessary for the partners, including SCC, to support the submission of the final business case and agree a Site Specific Agreement on portion of the wider Waterfront Tax area, known as the Redbridge (Tax) site. Further reports will need to be presented to Cabinet and potentially Council on any financial risks associated with the Full Business Case (FBC), once more details are known and after advice from HM Treasury, DLUHC and BEIS is received in forthcoming months.	
<b>RECOMMENDATIONS:</b>	
	(i) Cabinet supports the strategic submission of the next outline business case (OBC) as a Board Member of Solent Freeport Consortium Limited, on or before the 26 November 2021, as part of National Freeport Programme Application process and to agree an appropriate Site Specific Agreement for the Redbridge (Tax) site.

	(ii)	Cabinet raises any issues outlined in this paper over the current Solent Freeport proposals, to then be shared with the Solent Freeport Consortium Limited (SFCL).
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**REASONS FOR REPORT RECOMMENDATIONS**

1.	This report is submitted for consideration as a General Exception under paragraph 15 of the Access to Information procedure Rules in Part 4 of the City Council’s Constitution, notice having been given to the Chair of the relevant Scrutiny Panel and the Public. The matter requires a decision with the urgency linked to the impending submission of the updated Solent Freeport OBC and given Government’s approval process. For these reasons the decision cannot be deferred for inclusion in the next Forward Plan for decision following 28 clear days’ notice.
2.	The implications of the approval of the Solent Freeport proposal are wide ranging and complex. The approvals process is fast-moving and detailed with several government departments involved and agencies such as BEIS, DLUHC and HMRC.
3.	<p>The Solent Freeport partnership is complex with a variety of public and private interests and approvals to be managed in unison, as far as possible. Private sector partners also have significant and complex decisions to make and further risks may evolve for all partners.</p> <p>The management of risk by the SCFL Board and the Local Authority partners, particularly the Tax and Customs site partners will be important and will need to be offset against the wider economic benefits.</p>

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

	One alternative option is for SCC not to support the emerging Solent Freeport Consortium proposals, however support has been provided to date and with a very challenging approvals process. With most if not all significant approvals being made by government, nationally, SCC not supporting the proposals might only carry limited weight.
	In future years the Solent Local Authorities might seek to influence the strategic development of the Solent Freeport through a combined or devolved position. At present however the current ‘county deal’ devolution proposals are at a very early stage of consideration. Any devolution ‘package’ could support the accelerated delivery of Freeport infrastructure and devolution aside, local authorities will continue to play a key and active role in shaping Freeports and not just in the short-term.

**DETAIL (Including consultation carried out)**

	The current timetable for Government approvals of the Solent Freeport proposals is as follows and has been subject to national slippage into 2022.	
	<b>15 November</b>	<b>SCC Cabinet – initial Solent Freeport OBC approval</b>
	<b>26 November</b>	<b>Deadline for revised Outline Business Case (OBC), critical issues document and addendum</b>
	<b>Dec 2021 / Jan 2022</b>	<b>No date is given for the approval of the revised OBC and therefore when confirmation will be given by HMT / DLUHC to proceed with the Full Business Case</b>

	<b>(FBC). In reality work has already begun on the FBC through the preparation of the OBC.</b>
<b>January &gt; March 2022</b>	<b>The final FBC guidance may include a further assessment window beyond 4 March 2022</b>
<b>January &gt; March 2022</b>	<b>If the OBC (+) is approved then a draft version of the FBC has to be shared with DLUHC 3 weeks before the final assessment submission.</b>
<b>January &gt; March 2022</b>	<b>Further financial and policy approvals will be required and it is anticipated that a further Cabinet paper will be needed and possibly a final paper for Council.</b>
<b>Early March 2022</b>	<b>This is currently the final assessment window for any remaining FBCs, including the Solent Freeport FBC</b>
<p>In February 2020 the government ran a consultation on proposals to establish Freeports across the UK. It outlined the government’s proposals covering tax, customs, planning and encouraging innovation, and asked for views. The government received 364 unique responses, including a detailed response from Southampton City Council before the consultation closed in July 2020.</p> <p>On 3 November 2020 the Place Leadership Team provided a detailed Freeport scoping report to Cabinet and the Executive Management team. In Jan - March 2021 Cabinet and EMT approvals were secured for submission of Expression of Interest in the UK Freeport Programme.</p> <p>In late January a detailed presentation was provided by the Solent LEP to the Solent Leaders Forum.</p> <p>Through-out 2021 briefings, updates and presentations have been provided to the Economic Growth Strategy Board, at CMBs, with Shadow CMB Place briefings and the both main political groupings.</p> <p>Further briefings will be provided as the approvals process evolves and the Solent LEP Board also propose to provide a Members briefings to all Solent Local Authorities. It may also be necessary to report and seek additional approvals in support of the FBC, if any commitments on Business Rates (NDR) retention and pooling impact on the Medium Term Financial Plan.</p>	
<p>On the 8 April 2021 the Government published details of the selection and decision-making process followed by officials and ministers according to the process and rationale which were published in the Freeport prospectus. 14 bids passed the initial assessment and were then assessed on detail relating to benefits for trade and investment, innovation, regeneration, business cases and private sector involvement, and importantly Net Zero and sustainability.</p>	
<p>Freeports : Key National Objectives</p> <ol style="list-style-type: none"> <li>1. National hubs for global trade and investment across the UK</li> <li>2. Promote coastal regeneration and job creation - Levelling Up</li> <li>3. Create hotbeds for innovation</li> </ol>	

	<p>Underlying key themes are Net Zero and Decarbonisation of the economy and ensuring the availability of appropriate skills and skills infrastructure to deliver the targets for the free-ports.</p>
	<p>Now that the UK has left the EU, it is no longer subject to the EU's state aid rules. Nevertheless, the UK remains bound by World Trade Organization rules on subsidies and its commitments under free trade agreements, including that with the EU.</p>
	<p>Critics of Freeports point to the risk that they will simply transfer business away from other areas (displacement) of the UK without increasing the overall size of the economy. There have also been concerns about risks relating to money laundering and tax evasion.</p>
	<p>The Solent Freeport encompasses an area which includes the cities and major international ports of Southampton and Portsmouth and the deep water channel running through Southampton Water containing the Waterfront tax site. It contains further smaller tax sites at Southampton Airport and Dunsbury Park and a further customs site at Portsmouth International Port.</p>
	<p>Within the Solent Freeport; SCC has a Primary Customs Site with-in the Port of Southampton and an element of the wider Waterfront Tax site at Redbridge. The wider Waterfront Tax site currently spans 477 hectares and the Redbridge site is less than 20 hectares, forming less than 5% of the wider Waterfront tax site. The Redbridge component of the wider Waterfront Tax site is therefore a small component of the Waterfront Tax site and as such much of the new development and infrastructure will be in the neighbouring New Forest district.</p> <p>It is planned that the Customs and Tax sites will go live 'operationally' by end of 2021, although final approvals will be in 2022. Freeports are expected to run to at least 2031 and probably 25 years.</p> <p>Freeport status means that normal tax and customs rules do not apply and varying forms of tariff flexibility, tax measures and planning concessions deployed by the Government should help to incentivise private business investment. While these same benefits are offered in some 48 existing enterprise zones across the UK, the key difference is that a Freeport is designed to specifically encourage companies that import, process, add-value and re-export goods.</p> <p>The governance and management of Tax sites and net new investment into Tax sites will be determined by Site Specific Agreements. It will be necessary to negotiate an appropriate agreement for the Waterfront Tax site and potentially for the Redbridge component.</p>
	<p>The Solent Freeport tax sites are forecast to generate the following economic outputs.</p> <p>Over £1.6bn of private investment, of which over £1.0bn has already been identified and is in the pipeline. This includes:</p>

	<ul style="list-style-type: none"> <li>• Targeted investments which further enhance the local economic clusters in marine technology, advanced manufacturing and logistics;</li> <li>• Investments from internationally mobile, high innovation firms, attracted due to the tax benefits offered by the Freeport status;</li> <li>• A total of 26,000 jobs created in the Solent and £2.0bn of GVA;</li> <li>• A significant increase in port capacity and resilience, leading to lower port handling costs for UK trade.</li> </ul> <p>Overall it is estimated (KPMG) that approximately 65% of all tax benefits through time will be levied on the Waterfront tax site if the necessary infrastructure is delivered in the New Forest.</p> <p>In terms of Business Rates Retention, over 25 years, it is estimated that up-to 51.5% of retained rates, over £200 million will be levied from the Waterfront tax site, however the Redbridge site makes up only 5% of the total size of the Waterfront tax site and in addition it remains unclear at this time, if the current modelling account for existing Business Rate (NDR) baselines.</p>
	<p>With-in the Site Specific Agreements the parties (landowner, SFCL and relevant local authority must agree that the type and scale of development on the land holding must be consistent with the Solent Freeport objectives and the vision for the Tax Site.</p> <p>Business Rate Relief is available on certain business premises within Freeport Tax Sites. The relief is available to new and certain existing businesses in the Tax Site from the date the Tax Site is formally designated and shall apply for 5 years from the point at which the End User first receives relief.</p> <p>Agreement will be required that the level of Business Rates Relief that an End User is eligible for on the land holding will be determined by SCC and agreed by SFCL based on an assessment of the type and scale of development proposed by the End User and any proposed Financial Contributions to the Freeport Company to support Freeport Programmes, against the Freeport Objectives and the additional tests and eligibility criteria.</p> <p>The additional tests and eligibility criteria will be an important mechanism to ensure new net investments and associated activities are genuinely additional to the region, minimise deadweight and displacement (i.e. transference of existing business rate activity rather than genuine growth in business rates) and to ensure that Tax Site benefits flow to enhanced outcomes for the sub-region and the city.</p> <p>Tax benefits might enable previously unviable investment to materialise, particularly those investments in capital intensive industries, requiring large sites.</p>
	<p>Business Rates uplift, retention and the proposed pooling of business rates across the Tax sites is a key proposal in support of financing and investment</p>

	<p>of Freeport related proposals. The element relating to SCC is for the Redbridge land as part of the wider Waterfront Tax site and as yet no principles have been agreed in relation to the use of these funds.</p> <p>The potential for retained business rates in the Solent Freeport over a 25-year period is estimated to be over £400 million, if the current modelling is accurate. Finance officers from across the Solent have questioned the modelling and are currently seeking information on the underlying assumptions and projections as part of the work of the s151 Freeport Officers Group.</p> <p>The main objective now for Solent Freeport and the associated Ratings Authorities is to enter into a Memorandum of Understanding (MOU) with the DLUHC, setting out how the retained business rates from the proposed tax sites will be used and in agreeing the key principles of Site Specific Agreements.</p> <p>The underlying intention is to make the incremental business rates from the tax sites available to the Solent Freeport, which could facilitate:</p> <ul style="list-style-type: none"> <li>• Funding the Solent Freeport operational expenditure as required – if funding from partners is insufficient;</li> <li>• Funding specific additional Local Authority operating expenses associated with delivering the tax and custom sites within the Solent Freeport that cannot be met from landowner or end user contributions;</li> <li>• Allow the balance of the business rates growth to be pooled for re-investment into the Freeport's strategic objectives.</li> </ul> <p>Key principles around the projects and programmes within scope for funding through retained business rates will be developed, with examples being:</p> <ul style="list-style-type: none"> <li>• Identified Freeport infrastructure and connectivity needs, in line with agreed local and regional ambitions and strategies;</li> <li>• The UK's Net Zero ambitions as well as regional environmental ambitions, including the Freeport's own net zero strategy;</li> <li>• Innovation and skills developments aligned with HM Government and local objectives to regenerate deprived communities.</li> </ul>
	<p>On governance Ratings Authorities will need to lead the work with the Solent Freeport Consortium Limited (SFCL) to explore the concept, costs and viability and work with Freeport partners to establish a robust and transparent process for agreeing how the proposed pooled business rates will be spent. It is expected that any proposals for pooling will require the majority (or all) of all Freeport Rating Authorities and SFCL to agree before approval of investments to be funded through retained business rates.</p>
	<p>Delivery of the Solent Freeport is being led by Solent Freeport Consortium Limited (SFCL) incorporated in March 2021. The Board is the key decision making body. It has 12 directors and includes the Leader of SCC as a Core Member.</p>

The SFCL company will be initially financed through a membership subscription model. The subscriptions will be used to support the initial operational costs of the company. It is anticipated that contributions of £50,000 per annum from each Freeport Board Core Member be made over the three years 2021/22, 2022/23 and 2023/24. SCC has been asked to contribute accordingly. Additional economic growth budget provision approved by Council in July will contribute the majority of the funding, with £25,000 (2021/22) and £50,000 (2022/23), with the remaining £25,000 from existing budgets.

Portsmouth City Council is the nominated Accountable Body for the Solent Freeport Consortium Limited (SFCL) and also acts as the Accountable Body for the Solent LEP.

The chair of the Solent LEP Board has to date acted as interim Chair of the SCFL, with a recruitment process for an appointed Chairperson, now live on the Solent Freeport website. The Senior Responsible Officer (SRO) for the Solent Freeport is currently the Chief Executive and Executive Director of the Solent LEP,

The primary roles of SCC as a partner is on the SFCL Board, as the key decision-making body. In addition, SCC will be a signatory to a Site Specific Agreement on the Waterfront Tax site in relation to Redbridge land owned and controlled by Associated British Ports and with-in the Port of Southampton estate. The assessments of net new investment by the parties will be an important mechanism in managing inward investments and any associated benefits. SCC will also play an important role in assessing business rates (NDR) liabilities with-in the Redbridge site, in assessing NDR reliefs and uplift in any NDR from net new investments.

SCC may also play a role in determining planning on the Redbridge site and as is the case now with-in the port estate, and primary customs site through permitted development rights (PDR). The government is consulting with Local Planning Authorities in 2021/22 about local planning policy for Freeport spatial areas.

The Freeport prospectus also encourages councils to make greater use of local development orders (LDOs). A LDO specifies one or more acceptable uses within a defined area and its implementation grants upfront permission for developments that conform to these uses as long as they fall within the parameters of the LDO.

Linked to this, as part of the 'Project Speed' agenda to deliver infrastructure projects more quickly and to a higher quality, the Government has also stated that it intends to create a quicker and simpler framework for assessing environmental impact.

In line with the range of radical reforms to England's planning system proposed as part of the Planning for the Future White Paper in August 2020, *'where possible, the Government intends for Freeport locations to act as a*

	<p><i>testbed for some of these wider reforms, such as zoning land for development and reforms to digitise the planning system.'</i></p>
	<p>The initial OBC for the Solent Freeport proposals was submitted in late July 2021 as part of the ongoing assessment and approvals process. The detail of the OBC has been shared with Board members, although not more widely given the ongoing assessment across various GOV departments.</p> <p>The timeline for the approval of OBCs has been extended and further supplementary information provided by the Solent LEP.</p> <p>The original timeframe for approvals has been extended nationally and supplementary information requested. OBCs were initially scheduled to be approved in September 2021, however some OBCs are continuing to be assessed. Freeport proposals are moving at different speeds and as such extended submissions windows have been offered for the FBCs, beyond November and into 2022.</p> <p>Key submission dates (as at this reporting date) :</p> <ul style="list-style-type: none"> <li>• 26 November for the submission of the enhanced OBC</li> <li>• 4 March 2022 for the submission of the FBC</li> </ul> <p>Within these dates there is also a '<i>clarification period</i>' that will be determined for any technical clarifications about OBC/FBC submissions.</p>
	<p>The Solent Freeport is expected to deliver an additional £2 billion GVA and 26,000 jobs with-in the Solent sub-region over 25 years. In additional, currently, every £1 of additional investment in the Solent sub-region, it is estimated that UK GDP grows by between £2.35 and £3.15.</p> <p>If the economic benefits of the Solent Freeport can be recognised, then the establishment of Freeport could be a very important economic growth initiative for the sub-region.</p> <ul style="list-style-type: none"> <li>• Currently £77.5 billion worth of goods pass through Solent ports, predominately through the Port of Southampton.</li> <li>• Port of Southampton is the UK's number one vehicle handling port</li> <li>• Port of Southampton is the nation's second largest container terminal and the largest export port, handling 14 million tonnes of cargo or 1.5m shipping containers per year.</li> <li>• Southampton is the premier cruise port in Europe, welcoming 1.7m cruise passengers annually, supporting over 15,000 jobs.</li> </ul>
	<p>Whilst Freeports have the potential to generate net new investment in the Solent sub-region, a strategic aim is to also aim promote regeneration and job creation as part of the Government's policy to level up communities.</p>
	<p>We have communities experiencing severe deprivation and spatial inequality particularly in our urban areas of Southampton, Portsmouth, Gosport and Havant, as well as on the Isle of Wight.</p>



	<p>East Hampshire, Havant, Portsmouth and Southampton all feature as ‘Priority 2’ for the Government’s Levelling Up Fund, with Gosport in a priority one area, reflecting the inequalities which exist within the sub-region.</p> <p>Tax sites are located within and surrounded by areas amongst some of the most deprived in the south east of England.</p>
	<p>The indices of multiple deprivation (IMD) measure relative deprivation in small areas called lower-layer super output areas (LSOA). Wider Solent Freeport area contains more than 20 LSOA neighbourhoods within the top 10% most deprived in the country, including the residential areas of Weston, Thornhill, Nicholstown and Wimpson.</p> <p>With-in Southampton the ward adjacent to the main Customs site, Redbridge has higher unemployment than the national average and is amongst the 20% most deprived LSOAs in the country and adjacent to 4 LSOAs which are all ranked in the top 10% most deprived.</p>
	<p>DLUHC have specifically asked for more detail with-in the OBC (+) on how net new investment will support regeneration activities across the Solent sub-region and in particular, provide more jobs for deprived people in the LSOA areas. Additional detail and proactive work with Local Authority partners is now required to strengthen the Freeport proposal. This strengthening work will consider</p> <ul style="list-style-type: none"> <li>• How will wider interventions contribute towards regeneration, skills and Levelling-Up?</li> <li>• How will other initiatives in local economic growth, in place and in housing delivery complement and link to the Freeport to maximise local impact?</li> </ul> <p>These questions still need to be addresses more fully by the Partnership and local authority partners are key enablers to drive this agenda.</p> <p>A Freeport Skills Charter will be established at the outset that will be agreed with all Freeport sites, as part of the Site Specific Agreements and all future occupiers and businesses within the Freeport will contribute to its delivery. DLUHC have also requested more detail on the proposed ‘Skills Charter’ including firm commitments on its scale and contributions.</p> <p>Southampton would seek to ensure this Freeport Skills Charter continues to support the City’s Future Work Programme and National Employment Support City Agreement with Department of Works and Pensions, secured in January 2021.</p>
	<p>Clean growth and decarbonisation</p> <p>It is proposed that various industry-leading green technology initiatives and facilities already exist within the Solent, and that the Freeport will enable the region to support the UK’s pathway to Net Zero by developing innovative approaches and leveraging investment across the tax and customs sites in new technologies and processes through the creation of a Solent Green Growth Institute.</p>

	<p>All sites within the Freeport will have defined proposals to bring forward or accelerate delivery of clean growth initiatives, including where these align with wider sector-based net zero and decarbonisation approaches being brought forward by government. For example, Portsmouth International Port aims to become the UK's first zero emission port, leading the transition to low carbon marine fuels.</p>
	<p>The innovation, Net Zero and skills priorities for the Solent Freeport will need to build on and complement the Government's growth objectives in 'Build Back Better' (March 2020), the 'Ten Point Plan for a Green Industrial Revolution' (Green Back Better) (Nov 2020) and the maritime decarbonisation plans outlined in Maritime 2050.</p> <p>In addition, Local Authority partners are well placed to ensure a synergy with local plans and strategies. The collective ambition and commitment to achieving clean growth within the Solent is reflected within the recently published HIOW 'Greenprint for South Hampshire' which provides an overarching framework for policy-making, collaboration and co-operation led by the Green Halo Partnership, Universities of Portsmouth and Southampton and the Southern Policy Centre. The Solent Freeport has a critical role to play delivering the Greenprint's five key priorities around Net Zero with Nature; Natural health service; World class blue/green environments; Creating great places through quality design and build; and Centre for excellence in green skills and jobs.</p>
	<p>Southampton Port Health Service is responsible for carrying out all the statutory functions of the Port Health Authority in Southampton sea port and airport.</p> <p>The service monitors over 1.2 million TEU (Twenty Equivalent Unit) container movements of cargo, over 79,000 shipping movements and 170 cruise ship arrivals annually with diverse environmental health control functions.</p> <p>Any increase in activity with-in the Port and primary free-port Customs site may carry operational and increased cost implications for the service. Increased activity will most likely be in the medium-term, aligned to port expansion or the expansion of the container port in the short-term.</p>
<p><b>RESOURCE IMPLICATIONS</b></p>	
<p><b><u>Capital/Revenue</u></b></p>	
	<p>The Council has committed to support the operating costs of the Freeport Consortium over the next 3 years which will include a Chief Executive, support staff and capacity funding to help deliver the objectives of the Freeport. All Freeport core members have been asked for annual contributions over the next three years and the support from Southampton of £50,000 per annum will come from existing budgets including allocations made for supporting economic growth in the July 2021 Budget update at Council.</p> <p><b>Note</b> - * See confidential Appendix for more information. (<i>Exempt Financial Implications appendix – Enclosure 2</i>) This appendix provides an overview of the potential position on operating costs for the Solent Freeport.)</p>

	<p>Further modelling is needed to determine the implications for SCC on existing and future proceeds from current national retained Business Rates (NNDR) schemes if the Solent Freeport Tax site at Redbridge is approved. The council should continue to receive an agreed 'baseline' sum equal to the existing business rates level for the tax site, but the details of how this will work have yet to be confirmed.</p> <p>Modelling will also be required to determine the potential uplift in NNDR as this site is developed or existing uses expanded, for example the container terminal. Assumptions, cash-flow and projections information is being sought on the financials supporting the business case, including assumed take from business rates growth available to the Freeport investment expected. As part of the existing Outline Business Case, it is proposed that the growth in business rates is pooled from the various tax sites, to provide a funding source for infrastructure investment. A Memorandum of Understanding will be needed around governance of any pooling of such resources and expectations for businesses cases to support any drawdown of pooled resources etc.</p> <p>Furthermore, financial risk needs to be assessed, including any potential liability from Local Authority participants to support the Freeport business model. For example, if business rate growth falls short of expectations, what implications does this have for investment plans or commitments already made. At present, however, it is expected that growth in business rates arising from the Freeport activity will contribute to the necessary infrastructure, rather than any more direct support from Councils, alongside initial seed capital funding from Government that is expected when full Freeport designation is achieved.</p> <p>Work is ongoing to provide more detailed information to be included in the Full Business Case which is due to be submitted to Government early in the new year which officers will engage with to understand and assess the financial implications for Southampton City Council. The outcome of this work will enable officers to understand any future implications Freeport status may have on the authority and report back further.</p>
<b><u>Property/Other</u></b>	
	None, unless land owned by SCC on the boundary of the port estate can be utilised in future years to enable new Freeport infrastructure delivery.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
	The Council's power to become a member of the Solent Freeport Consortium / Company derives from s.1 Localism Act 2011 (general power of competence which allows the Council to do anything a private individual may do provided it is not otherwise prohibited by law) and s.111 Local Government Act 1972 (power to do anything calculated to facilitate, conducive to or incidental to the discharge of any of the Council's functions). The free-port proposals are

	calculated to facilitate the Council's economic development and regeneration functions through the delivery of improved regional trade facilities supporting the economic recovery of the Solent region including Southampton.
	Freeports are established under the Finance Act 2021 with successful bids designated by secondary legislation following successful submission and approval of full business cases. The designation orders determine the extent to which customs zones and tax sites within Freeports operate under the new freedoms introduced under the Act and, specifically in relation to any proposed tax site in Southampton port, the extent to which Business rates relief (and retention), stamp duty tax relief, structures and buildings allowances, capital allowances and national insurance relief (for employers) will apply.
<b><u>Other Legal Implications:</u></b>	
	Legislation designating Freeports conforms to Subsidy Control guidance (formerly State aid) and money laundering legislation (specifically relating to import / export transactions within Freeport sites). The Freeport bidding process and business cases being developed for submission include assessments of the impact of the proposals under the Equalities Act 2010 and are required to demonstrate compliance with s.149 (public sector equality duty). In the event the Solent proposals are selected for designation, the Council will be required to exercise a number of its regulatory functions (development control functions within the Freeport zone) having regard to the Freeport objectives, (this may include implementing a Local Development Order to enable development within the Freeport) together with its landholding functions where it owns, maintains, lets or disposes of property within the Freeport zone. A suite of legal documentation for Freeport members dealing with property matters etc. is being developed alongside the business case.
<b>RISK MANAGEMENT IMPLICATIONS</b>	
	<p>It is proposed that the Executive Directors of Place and Finance, Commercialisation &amp; S151 Officer collate a detailed Risk Register based on a detailed assessment of the final FBC and with a detailed financial analysis of the implications for the Medium Term Financial Plan in relation to Business Rates, uplift, retention and pooling (NDR) and in supporting the operational costs of the proposed Solent Freeport.</p> <p>It is proposed that a risk assessment is produced for the Site Specific Agreement and that the agreement for the wider Waterfront Tax site includes all of the necessary considerations for the Redbridge land. Ideally separate agreements should be developed with each Rating Authority.</p>
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
	<p>A full review of all council policy framework and core strategies have taken place and no conflicts have been identified.</p> <p>Southampton City Council corporate plan 2021-2025 supports the key priority for growth and supports Southampton's Maritime economy through being part of the National Freeport Programme UK.</p> <p>The strategies reviewed were:</p> <ul style="list-style-type: none"> <li>• <a href="#">Clean Air Strategy (2019-2025)</a></li> </ul>

	<ul style="list-style-type: none"> <li>• <a href="#">Cycling Strategy (2017-2027)</a></li> <li>• <a href="#">Economic and Green Growth Strategy (2020-2030)</a></li> <li>• <a href="#">Health and Wellbeing Strategy (2017-2025)</a></li> <li>• <a href="#">Housing Strategy (2016-2025)</a></li> <li>• <a href="#">Local Transport Plan (2019 – 2040)</a></li> <li>• <a href="#">Safe City Strategy (2022-2027)</a></li> <li>• <a href="#">Southampton City Council Corporate Plan (2020-2025)</a></li> <li>• <a href="#">Draft City of Culture Strategy (2021)</a></li> <li>• <a href="#">Local Spatial Plan and Planning Policies</a></li> </ul>

<b>KEY DECISION?</b>	Yes
<b>WARDS/COMMUNITIES AFFECTED:</b>	None
<u>SUPPORTING DOCUMENTATION</u>	
<b>Appendices</b>	
1.	Solent Freeport Consortium Limited – Board and Associate Members
2.	Exempt Financial Implications Appendix

**Documents In Members' Rooms**

1.	
2.	

**Equality Impact Assessment**

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
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**Data Protection Impact Assessment**

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out	No
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**Other Background Documents**

Other Background documents available for inspection at:

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	
2.	