

<b>7 December 2022</b>		<b>ITEM: 11</b> <b>Decision: 110629</b>
<b>Cabinet</b>		
<b>Thames Freeport: Governance Structure</b>		
<b>Wards and communities affected:</b> All	<b>Key Decision:</b> Key	
<b>Report of:</b> Councillor Mark Coxshall, Leader and Cabinet Member for Growth		
<b>Accountable Assistant Director:</b> Gerard McCleave, Assistant Director for Economic Growth & Partnerships		
<b>Accountable Director:</b> Mark Bradbury, Interim Director of Place		
<b>This report is Public</b>		

## Executive Summary

Thames Freeport is a key feature of Britain's Trading Future and will drive economic growth across the Thames Estuary. It will deliver regeneration and job creation in areas in urgent need of levelling-up and will be a transformational game-changer for Thurrock communities.

Thames Freeport is private sector led (Forth Ports, DP World and Ford). Thurrock Council is the Lead Authority and the Accountable Body for Thames Freeport. Lead Authority main responsibilities include managing and being accountable for public money, participation in the Freeport governance arrangements, liaison with Government and public sector leadership. As Lead Authority for Thames Freeport, the Council had a principal role in ensuring the completion of the business case and submission to Government for approval.

At the reconvened meeting of Cabinet on 23 March 2022, it was agreed that further report would be brought back to Cabinet relating to the Thames Freeport governance structure and following conclusion of the government's review. The government's review of the Thames Freeport Full Business Case (FBC) remains ongoing however, it is timely and appropriate for Cabinet to consider the proposed governance structure before a final Thames Freeport response is presented to government.

Business case guidance requires development of a management case which sets out the long-term governance structure and arrangements (Board membership, powers, delegations, accountabilities and responsibilities etc.), delivery team structure, stakeholder management and engagement, shared learning and building expertise, risk management, arrangements for dealing with security and illicit activity,

key milestones, the role of the accountable body, and monitoring and evaluation arrangements.

As part of government's due process Thames Freeport has considered a range of governance structure options reflecting Freeport policy objectives, potential implications from the introduction of new government policy such as Investment Zones as well as considering any implications from the decision by the Local Government Secretary to introduce intervention measures in Thurrock Council.

Thames Freeport will be governed by a Board, the Thames Freeport Governance Board (TFGB), established for the purpose and duration of delivering the Freeport. The TFGB will have overall responsibility for all Thames Freeport activity and will be accountable to Government for the achievement of the Freeport strategic objectives. This report seeks to appoint the Thurrock Council representative to the TFGB, as well as endorsing the Council's role in future sub-committees.

## **1. Recommendation(s)**

**That Cabinet:**

- 1.1 Considers and approves the Thames Freeport proposed governance structure (Section 4).**
- 1.2 Approves the appointment of the Leader of the Council or nominated representative to the Thames Freeport Governance Board (Section 4.4, 4.5 & 5.3).**
- 1.3 Endorses that relevant Officers support the Leader of the Council or nominated representative at the TFGB to participate in and represent the Council on the various Thames Freeport Sub-committees as necessary, delegating authority to the Acting Chief Executive to appoint Officers to appropriate sub-committees e.g. Skills, Levelling Up and Regeneration (Section 4.10).**
- 1.4 Delegates authority to the Acting Chief Executive, in consultation with the Leader of the Council to enter any Memoranda of Understanding with government and Freeport bodies to deliver the activities of Thames Freeport (Section 4.2, 4.13 & 5.4).**
- 1.5 To note the approach to investing retained business rates in regeneration and infrastructure projects as the rates become available to Council (Section 2.4).**

## **2. Introduction and Background**

- 2.1 Thames Freeport is a catalyst for change in Thurrock. It will deliver more productive jobs, initiatives to support inclusive and sustained economic growth, reduce inequalities and enable growth to meet local need and attract more talented people, more investment, innovative employers, and**

businesses. The TFGB will formalise the strong public-private relationships, with a relentless focus on local impact and putting local stakeholders and communities at the heart of delivery.

- 2.2 The core economic strengths of the Thames Freeport geography are logistics, low carbon energy, transport and storage, construction and advanced light manufacturing. The Freeport is the correct regeneration and policy response because it is directly aligned to and builds on Thurrock's strengths and can deliver greater economic growth than could be achieved with traditional economic development policy. In particular, time bound tax incentives will increase the rate of return to new investment which occurs over the short-medium term. This will de-risk, accelerate and increase the volume of investment occurring, particularly important as the economy continues to experience turbulent headwinds. Businesses investing in the tax sites will continue to benefit over the longer-term because of the strong clustering / agglomeration impacts the Freeport is aiming to create through its selection criteria of supportive businesses, the delivery and focus of the Thames Freeport Innovation Strategy, bespoke skills and labour market pipeline, alignment with initiatives of local, regional and national significance, increased trading opportunities and the quality infrastructure on offer on the port sites.
- 2.3 Greater public and private investment in the region will allow it to close the gap in employment opportunities and incomes with the rest of the nation, whilst the retention of additional business rates will allow investment in social and economic infrastructure which boosts the productivity and well-being of Thurrock residents, aligning to wider regional and national policy, for example regeneration, levelling up and net zero.
- 2.4 In line with the governments Freeport Prospectus the Thames Freeport business case originally proposed borrowing to invest in regeneration and infrastructure support to further growth. The intention is that any investment in regeneration and infrastructure through retained business rates will be planned as the rates become available and accrue to the Council. Thames Freeport has confirmed that this approach is not critical to the overall Freeport proposition and no further debt will be accrued by the Council because of the Thames Freeport which is in line with the DLUHC Directions / intervention measures.
- 2.5 The Outline Business Case (OBC) for Thames Freeport was submitted in July 2021 and, following an extensive review period with relevant government departments, was approved by Government at the Autumn Statement and Spending Review in October 2021. Following the approval of the three tax sites and the primary customs site by HM Treasury and HMRC, Thames Freeport was fully approved by government to operate on 15 December 2021.
- 2.6 The Full Business Case was submitted to government on 28 January 2022, where it was assessed by the relevant government departments, led by the Department of Levelling Up, Housing and Communities (DLUHC). Approval of the FBC allows for the release of funding from government, including seed

capital funding to accelerate investment that supports the tax sites and wider public good, and the future use of retained business rates to the ratings authorities (as set out in the freeport bidding prospectus, the Council in which the freeport tax sites are located will retain the business rates growth for that area.) Partners have received feedback from DLUHC and are working through responding to their comments and requests for further information. The response from Thames Freeport will be formally submitted via an addendum to the FBC to government following approval of the proposed governance structure by Thurrock Council's Cabinet.

### 3. Economic Benefits for Thurrock

- 3.1 Thames Freeport has the potential to bring substantial economic benefits to Thurrock residents and businesses through direct investment in new infrastructure, employment opportunities, skills development as well as supporting the regeneration and levelling up of Thurrock through investment in physical and social infrastructure.
- 3.2 Freeport status, and importantly the businesses that locate here will be a 'pull' factor drawing in future inward investment and talent to Thurrock, creating industrial clusters around our ports and logistics sector, with new technology led logistics opportunities, further strengthening Thurrock's position as a national and international hub for global trade. The investment into Thurrock will also help boost the productivity and competitiveness of existing and new Thurrock supply chain businesses through upskilling and reskilling the existing workforce, innovation in production processes as well as exporting opportunities through agglomeration effects.
- 3.3 The Thames Freeport headline economic impact points are:
- Deliver an increase in gross value added (GVA) of £2.6 billion per annum into the economy
  - Over £4.56 billion in new public and private investment with 68% (£3.15bn) in Thurrock
  - 21,000 net additional jobs – with 89% of the employment opportunities located in Thurrock through Port of Tilbury and London Gateway. Economic case modelling suggests that the new jobs will earn higher wages than the average sectoral salaries in the Thames Freeport region
  - 1,700 acres of development land – much with planning consent
  - Funding of retained business rates generated from new Thurrock business investment in projects to accelerate levelling-up outcomes, including:
    - **Sustainable Multi-Modal Transport Initiatives** – such as enhanced public transport, improvements to rail and river infrastructure, as well as walking and cycling lanes between existing communities, new communities and across South Essex to provide sustainable access to Thames Freeport employment locations.
    - **Social Development Investment** – for example new health, well-being and cultural facilities, aimed at health and wellbeing improvements, as well as skills investment through the Thames

Freeport Skills Plan to ensure residents have access to new high-quality jobs, and supporting young people through investment in community-based youth programmes and better targeted youth facilities, including a £3m skills levy which Thurrock residents will benefit from.

- **Infrastructure to Unlock Growth** – new roads and upgrades to existing network.
- **Digital and Green** – expansion of Gigabit speed internet to tackle digital exclusion and enabling the hydrogen opportunity across the Estuary including supporting development at Thames Enterprise Park (TEP).

3.4 Overall, it is anticipated that the Thames Freeport will contribute £65 billion to the UK economy over the next 25 years.

3.5 In addition to the quantifiable economic benefits, there will be a number of qualitative economic benefits for Thurrock. These benefits include reducing unemployment and economic inactivity, tackling inequality through investment in physical and social infrastructure, increased skills and improved environment and more green space for local people. For example, investment in the South Essex Estuary Park (SEEPark) will deliver for example new coastal walking and cycling paths, achieve carbon offsetting, and improved biodiversity, with the first pathfinder projects and first investment in Thurrock. Similarly, investment in wider region projects such as the South Essex Technical University will directly support Thurrock businesses such as TEVVA and their supply chain businesses providing bespoke training and skills development through graduate apprenticeship programmes for Thurrock's young people and continuous professional development for the existing workforce.

#### **4. The FBC Management Case – Proposed Governance Structure**

4.1 The revised FBC Management Case sets out the main governance structures and arrangements for delivering Thames Freeport including areas of responsibility, accountabilities, the role of the accountable body and the executive team, led by the Executive Director.

The composition of the Thames Freeport Governing Board has been mainly framed by guidance from Government including an expectation that it would include representation from:

- the tax site owners and operators;
- the three local authorities that form the Freeport outer boundary;
- regional stakeholders e.g. TEGB, PLA
- DLUHC

There was also guidance that the Board should be limited to a maximum of 12 members. Thames Freeport has considered a range of governance structure options to provide flexibility reflecting Freeport policy objectives, potential

implications from the introduction of new government policy such as Investment Zones as well as considering any implications from the decision by the Local Government Secretary to introduce intervention measures in Thurrock Council.

- 4.2 Thames Freeport will be governed by a Board, the Thames Freeport Governance Board (TFGB), an unincorporated body established for the purpose and duration of delivering the Freeport. The TFGB is charged with accountability for delivering the Freeport objectives and will have overall responsibility for all Thames Freeport activity. As such it will take decisions on matters such as, the Innovation and Net Zero strategies for the Freeport; the associated delivery plans, its annual business plan and the resources required for delivery. It will be accountable to Government for the achievement of the Freeport's strategic objectives and will agree a Memorandum of Understanding (MoU) with Government for this purpose and it will serve as a shared commitment from all parties and members of the Board.

The TFGB's key objectives are aligned with the Government's policy objectives for Freeports and are to:

- Establish the Thames Freeport as a hub for global trade and investment;
- Enable regional regeneration, improving access to quality jobs and infrastructure;
- Create a centre of regional innovation; and
- Be a leader on transition to net zero within the Freeport Tax and Custom sites.

- 4.3 The TFGB main areas of responsibility will include Freeport strategy; setting strategic goals, overseeing tax site delivery, approving annual business and delivery plans; overseeing the use of public funds<sup>1</sup>, reviewing the strategy and projects funded by retained business rates in line with Freeport policy objectives, stakeholder engagement and monitoring and evaluation of Thames Freeport activities in line with key performance indicators (KPIs) to be agreed with Government.

- 4.4 During the process of developing the original Freeport bid, OBC and FBC, Thames Freeport had in place an Interim Board comprising executive officers from each of the private sector partners, Thurrock Council and the London Borough of Barking and Dagenham (LBBB). A new Board will be established (target date January 2023) post approval by Government of the Thames Freeport FBC, including Thurrock Council as the lead local authority and accountable body will be a core member of the TFGB alongside the private sector tax site operators. The TFGB will also include LBBB and the London Borough of Havering (the local authorities making up the Thames Freeport geographic boundary) with representation from the Port of London Authority as well as a 'skills champion' and non-executive members. In total, the Board

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<sup>1</sup> Subject to final approval by the Accountable Body – Thurrock Council

will comprise 12 members including an independent Chair, Rt. Hon Ruth Kelly (appointed in November 2021) and a space will be held available for any new tax site operator to join the Board at a point when their proposition is approved by government.

- 4.5 As a private sector led proposition the make-up of the TFGB reflects the roles of the key partners. All members of the Board will play a full role in the further development of its strategy, determining the areas of focus and in making recommendations on investment. This includes the Leaders or nominated representatives e.g. portfolio holder of Thurrock Council, LBB and LBH who will all have a central role in the delivery of the freeport. Local Authority representatives will be free to invite their Chief Executives or senior Directors to join the Board to provide advice, but not to exercise any formal role such as voting on any matter. Thurrock Council will also act as the Accountable Body and lead local authority. TFGBs overall composition also includes regional stakeholders and those who bring wider expertise and value. The Regional Growth Partners on the TFGB have been selected on the basis of:
- Those who are most aligned to the main objectives of the Freeport
  - Those who can most effectively enable the delivery of the strategy, bringing wider experience to bear
  - Those who are key stakeholders in the priority delivery programmes – Trade and Investment; Innovation and Net Zero; Skills and regeneration
- 4.6 Member of Parliament will have an observer role on the Board providing a link to wider government policy.
- 4.7 The roles of Chair, Skills Champion, and Non-Executive Strategic Advisor will all be appointed through a recruitment process. This approach will ensure that the TFGB will be inclusive and actively seek diversity in its membership and has been successfully followed to recruit the TFGB's independent Chair. Membership of the TFGB shall be reviewed regularly in line with best practice for good governance.
- 4.8 The management case makes clear that the TFGB is committed to transparency and adhering to the Nolan Principles of public office. It will publish all Board papers and minutes. Its governance arrangements emphasise openness and transparency, with detailed guidelines on the Conflict of Interest and Subsistence and Hospitality policies. It will also publish a register of member's interest recording any conflicts of interest. These will all be made available on the Thames Freeport website. There will be an annual review of the TFGB's operation.
- 4.9 In order to provide appropriate transparency, one meeting of the full TFGB every calendar year will be a public meeting. This will allow for general questions to be put to the TFGB on its strategy and delivery plans. In addition, the TFGB Chair and Executive Director will attend, at the invitation of the Council Leader, a full council meeting of the three Local Authorities in the

Freeport outer boundary and the Joint Committee of the Association of South Essex Local Authorities, each calendar year.

4.10 The TFGB will be supported by four sub-committees in the areas of:

- Trade and Inward Investment
- Skills, Levelling Up and Regeneration
- Investment, Innovation and Risk Management
- Tax and Custom Site delivery (including net zero and security)

The number and purpose of the sub-committees will be reviewed annually and agreed by the TFGB. Members of each sub-committee will be appointed annually. It is expected that each sub-committee will comprise of a small core group, of potentially three to five members. This will include a TFGB member acting as Chair. The sub-committees will reflect a subset of the Board, picking up detailed work streams and making recommendations to the TFGB. They will be responsible for engaging with key stakeholders, who can directly support the delivery of agreed projects and/or support the further development of strategy and interventions to meet the Freeports objectives. The sub-committees and stakeholder groups will be considered and confirmed at the first full meeting of the TFGB and after the FBC has been approved. An indicative membership of each of the sub-committees and stakeholder groups is described below:

<b>Strategic Area</b>	<b>Indicative Subcommittee membership</b>	<b>Indicative stakeholder group</b>
Trade and Inward Investment	DP World; Port of Tilbury; Thames Estuary Growth Board; Non-Ex Board member	Thames Enterprise Park; Department for Trade and Investment; GLA
Skills, Levelling up and Regeneration	Thurrock Council; LB Barking and Dagenham; LB Havering; DP World; Port of Tilbury; Ford; TFGB Chair; Skills Champion	Opportunity South Essex; DfE; IOT's; South Essex College; Local London
Innovation, and Net Zero	Ford; DP World; Port of Tilbury; Thames Estuary Growth Board; Port of London Authority; Non-Ex	National Infrastructure Bank; BEIS; Catapult



	Board member; Thurrock Council; LB Havering	
Tax and Custom Site delivery	Ford; DP World; Port of Tilbury; Thurrock Council; LB Barking and Dagenham; LB Havering	Thames Enterprise Park, HMRC; Police

### **Accountable Body**

- 4.11 Thurrock Council also holds the role of Accountable Body for the Thames Freeport in relation to the use of public funds.
- 4.12 During the period of intervention by DLUHC, Essex County Council as the Government appointed Commissioner will provide an oversight role, mirroring its wider remit and responsibilities in relation to Thurrock Council, providing a more comprehensive model of governance and assurance.
- 4.13 The Accountable Body will agree and be a co-signatory with the TFGB to the Memorandum of Understanding with government. As set out in the FBC, it is expected that the role of the Accountable Body will include, but not limited to the following functions:
- Establish and maintain a financial system to account for all funding received and disbursed on behalf of the Freeport;
  - Review and approval of business cases for seed capital projects;
  - Receive funding on behalf of the Freeport and be responsible for its proper administration;
  - Ensure, that funding is used appropriately in accordance with the law, good financial management any applicable grant conditions and Freeport objectives;
  - Ensure the decisions and activities of the Freeport are taken transparently, are evidence based and represent value for money, and compliance with the Nolan principles, the National Assurance Framework; legal requirement; the principles of probity or sound financial practice; applicable funding terms and agreement on scrutiny arrangements;
  - Ensure that the checks and reporting requirements of Thurrock Council's Section 151 Officer are met; this includes retaining appropriate documentation on decisions around funding;
  - Ensure appropriate control and reporting mechanisms are in place and that all required information on expenditure, activities, outputs and outcomes are properly recorded and reported to the Freeport;
  - Retaining necessary information and ensuring all required information on expenditure, activities and outcomes are properly recorded and reported;

- Escalating in the first instance concerns around non-delivery and/or mismanagement to TFGB;
- A support function: providing technical advice on the relevant law, identifying risks associated with pursuing a particular course of action for the TFGB to consider; and
- Responsibility for assessing the overall delivery risk and associated financial risk (up to an agreed level) on behalf of the Freeport.

4.14 The Accountable Body is not required directly to exercise assurance over the tax sites and customs sites – this is a function of the TFGB of which the Accountable Body is a member. The draft MoU sets out the Accountable Body role as:

1. Accountability for any HMG Freeport specific grant funding, including monitoring and reporting against the use of these funds. The intention is that this is exercised through arrangements put in place between the Accountable Body and the Freeport Operating Company;
2. Maintaining appropriate records relating to Freeport delivery, including project plans and risk registers for HMG funded activity. Again, this can be serviced through a mechanism between the Accountable Body and the Freeport OpCo;
3. Ensuring the Governing Body operates in line with appropriate levels of transparency, propriety etc.

These functions are part of ongoing discussions with government and are subject to a decision and approval of the FBC by the DLUHC Secretary of State and the report of the Best Value Inspection underway in Thurrock Council as regards the role of Accountable Body.

## **5. Reasons for Recommendation**

5.1 Cabinet previously (January 2021) endorsed submission of the private sector led Thames Freeport bid and subsequently endorsed (July 2021) the continued engagement of officers with partners to development the Outline Business Case (OBC) and Full Business Case (FBC) and delegated authority to the Chief Executive (in consultation) to sign-off and submit the final OBC and FBC to Government for approval. In March 2022 Cabinet approved the Thames Freeport retained business rates policy.

5.2 During the development of the Thames Freeport bid, OBC and FBC processes an interim board was in place to oversee and drive forward these different processes. Specifically, the role of the interim board was to provide leadership, strategy and oversight / coordination of activities to ensure the successful set-up, formal designation and transition to full operation of the Thames Freeport. This included leading the development of the OBC and FBC processes; developing relationships with the DLUHC Freeport team and leading discussions on wider Freeport economic strategy; coordinate the development of the investment proposition; appoint an independent Chair as well as to evolve the governance arrangements for Freeport operations and

delivery. The interim arrangements comprised executive officers from each of the private sector partners, Thurrock Council and LBBD.

- 5.3 As outlined above, Thames Freeport is a catalyst for change in Thurrock and can deliver significant economic benefits for the Council area and wider geography through the creation of more and better jobs, substantial increases in investment and GVA into the local economy, initiatives to support inclusive and sustained economic growth, reduce inequalities and enable growth to meet local need and attract more talented people, more investment and more businesses. The potential of the Thames Freeport impacts across a wide range of Council services, strategy and policy areas and longer-term ambitions for example in economic development, skills, health and well-being, engagement and communications, regeneration, planning, community development, finance and legal services. Given this breadth and depth of potential impact and benefit across Thurrock and the Council, it is recommended that the Leader of the Council or nominated representative be appointed to the TFGB and relevant officers participate in and represent the Council on the various Thames Freeport sub-committees as appropriate.
- 5.4 The freeport partners are committed to building local expertise, leveraging the capacity of both the public and private sectors through knowledge transfer, shared learning and investment from the private sector in helping to grow public sector capacity where appropriate. Furthermore, capacity and activity undertaken by Council to support the operational delivery of the Freeport will be recoverable from retained business rates funding. This has been factored into the retained business rates modelling based on a provisional project staff model for the increased capacity required to deliver the freeport objectives.
- 5.5 As outlined in Section 4, Thurrock Council as the Accountable Body will agree and be a co-signatory with the TFGB to the Memorandum of Understanding with government. A draft MOU generic to all eight freeports has been received from DLUHC with comments submitted from Thames Freeport. The final Thames Freeport specific MOU will be agreed post FBC approval and based largely on the content of the FBC Management Case. This is expected to be early in 2023 (Jan / Feb) and Cabinet is asked to delegate authority to the Acting Chief Executive to enter the MOU with Thames Freeport and government. As the Accountable Body the Council will provide local assurance for all seed capital projects. The Accountable Body will also act on behalf of the Freeport to manage the financial arrangements in relation to the capacity funding provided by Government. It is expected that the role of the Accountable Body will include review and approval of business cases, financial management, accountability and monitoring for all funding received e.g. seed capital, as well as ensuring decisions and activities represent value for money.

## **6. Consultation (including Overview and Scrutiny, if applicable)**

- 6.1 Thames Freeport partners, Forth Ports, DP World, Ford, Thurrock Council, LB Barking and Dagenham and LB Havering have engaged with a wide range of

stakeholder groups throughout the Freeport process including businesses and regional bodies such as South East Local Enterprise Partnership (SELEP), Opportunity South Essex (OSE), the Association of South Essex Local Authorities (ASELA) and the Thames Estuary Growth Board. This engagement is continuing and will intensify as Thames Freeport moves into its operational phase, for example through the DLUHC Freeports Forum, membership of the Thames Freeport Sub-committees, development and delivery of projects, and implementation of the Thames Freeport strategies to support economic growth e.g. skills and innovation. In particular, the connected work by ASELA on the growth agenda has been a key element of the Freeport processes which has demonstrated that the Thames Freeport has understood the wider geographical impact expected of the policy and investment beyond the boundaries of the actual designated area.

6.2 Over the last few months we have engaged the Commissioners, DHLUC and kept private sector partners informed of the intervention and Best Value process currently underway. This report will also be considered at an extraordinary meeting of Corporate Overview and Scrutiny Committee on 29<sup>th</sup> November. A verbal update of the discussion will be provided.

## **7. Impact on corporate policies, priorities, performance and community impact**

7.1 The vision for Thurrock is: **An ambitious and collaborative community which is proud of its heritage and excited by its diverse opportunities and future.**

7.2 The opportunity created by the Thames Freeport to further support the delivery of this vision and corporate priorities is significant. The government's policy objective to promote regeneration and job creation through the Freeport model is directly aligned to the Council's ambitions and place shaping agenda.

7.3 Under the corporate priority banner People, Place, Prosperity, the council is creating a place where people want to live and are proud of, and where businesses want to stay and thrive, and where investors and talent want to locate.

7.4 The successful delivery of the Thames Freeport can support a number of the Council's Place and Prosperity priorities:

- Attractive opportunities for businesses and investors to enhance the local economy
- Vocational and academic education, skills and job opportunities for all
- Commercial, entrepreneurial and connected public services
- A borough ambitious for its future – clean environments, roads, housing and public spaces that connect people and places

7.5 The successful delivery of the Thames Freeport in Thurrock will also significantly contribute to achieving wider place agenda ambitions by bringing together physical, economic, social and environmental renewal to improve the well-being of communities, provide opportunities and help ensure places are fit for the future. This will be reflected in the Council's overall corporate strategy and priorities for growth under the Improvement and Recovery Plan. It also relates to the development of the Local Plan and the implementation of the Economic Development Strategy, Backing Thurrock as well as the health and well-being strategy.

## **8. Implications**

### **8.1 Financial**

Implications verified by: **Jonathan Wilson**  
**Interim Director of Finance**

The development of a Freeport in the borough enables access to additional funding sources including grants for businesses and for Council the retention of business rates relating to new business that locate within the Freeport Tax Sites. This funding can then be utilised to support the wider development of the Freeport area.

As outlined in Section 3 above, Thames Freeport has the potential to bring substantial economic benefits to Thurrock residents and businesses. The economic growth from the Freeport is a critical part of the long-term recovery for the Council, providing greater financial sustainability for example through providing long term future funding in the form of retained business rates enabling direct investment in new infrastructure, employment opportunities, skills development as well as supporting the regeneration and levelling up of communities through investment in physical and social infrastructure.

The Council has submitted updated projections of the potential funding streams to identify the level of investment available to deliver the outcomes of the Freeport. The FBC under the 'Financial Case' strand assesses all monetary costs and benefits associated with Thames Freeport including capital and revenue requirements. This includes an assessment of the financial risks associated with the capital programme and a sensitivity analysis of the projections of the additional retained business rates income. This income requires the implementation of the Freeport business rates policy, approved by Cabinet in March 2022. It is reiterated that, while the policy enables the Council to retain 100% of new business rates within the designated tax sites, this funding is specifically required to support the delivery of the objectives of the Freeport. Government requires that this funding be largely used for additional activity such as infrastructure and environmental enhancements and other "levelling up" activity including investment in skills, as it relates to the Freeport objectives. In line with the

DLUHC Directions / intervention measures no further debt will be accrued by the council because of the Thames Freeport.

Subsequent investment decisions for which the Council will be responsible will be subject to a business case process and will follow the Council reporting and decision-making processes.

The role of the Accountable Body also means the Council will have wider responsibility for the Seed Capital Funding (totalling £25m) which supports the delivery of agreed projects by DP World, Forth Ports and Ford. As noted in the report, arrangements will be setup to support the approval of projects, the release of funding and the ongoing monitoring of the project delivery.

## 8.2 Legal

Implications verified by: **Gina Clarke**  
**Corporate Governance Lawyer and Deputy Monitoring Officer**

The Government has not laid out the rules for Freeports in a single Freeports Act. The relevant legislation is spread across a range of different Acts and secondary legislation which enables the Council to participate in the Government's Freeport programme.

Powers set out in section 1 Localism Act 2011, the general power of competence, enables the Council to do anything a private individual may do provided it is not otherwise prohibited by law. The proposed activities of Thames Freeport will bring jobs, investment, enabling regeneration and facilitating construction and upgrading infrastructure.

The recommendation to appoint the Leader of the Council or nominated representative to the Thames Freeport Board (TFGB) is consistent with the powers set out in the 2011 Act. The Council's Constitution enables Cabinet to make the appointment. The legal nature of the TFGB is an unincorporated association, to be set up through an agreement between the members of the Freeport to further the Freeport objectives. This governance structure does not have limited liability, therefore arrangements for insurance or indemnity cover will need to be in place for the Leader or nominated representative acting as the Council's representative on the TFGB.

The proposed appointment of Council Officers to sub committees of the TFGB, is also a function, which Cabinet is able to exercise. Section 9E(5)(b) of the Local Government Act 2000 provides that where any executive functions may be discharged by Cabinet, then unless the Leader directs otherwise, Cabinet may arrange for the discharge of any of those functions by an officer to the authority. The delegation to the Acting Chief Executive to undertake this function is consistent with the provisions of the 2000 Act.

Insurance cover/ an indemnity for Council officers appointed the TFGB sub committees will need to be in place.

Subject to the terms of a memorandum of understanding the Council will act as the accountable body to the Government, to oversee and support the use of public funds to ensure good financial management, grant condition compliance and appropriate spend. The section 151 Officer will be responsible, for overseeing the proper administration of financial affairs in respect of the Thames Freeport. This is consistent with the powers available to the Council to deliver the Thames Freeport objectives.

### 8.3 Diversity and Equality

Implications verified by: **Becky Lee**  
**Team Manager - Community Development and Equalities**

A full Equalities Impact Assessment (EQIA) has been completed as part of the FBC process for consideration by Government.

The EQIA was developed in line with Council's Community Equality Impact Assessment process with a focus on both the construction (initial) and fully operational phases and considered the extent to which Thames Freeport can positively impact on reducing inequalities overall, not least employment, income and health and well-being.

The EQIA predominately identifies positive equalities benefits for the borough's residents, including those with protected characteristics. The EQIA will continue to evolve as the Freeport develops and new opportunities for investment are brought forward and will be the subject of an ongoing cycle of monitoring and review by the TF Programme Manager in conjunction with the TFGB who will identify any new considerations. Where applicable, new programme elements will be incorporated into future versions of this EQIA including identifying mitigations to minimise the potential of any negative impacts.

Aligning the equality impact of Thames Freeport to the Council's Community Equality Impact Assessment process also supports the Council in meeting our duties under the:

- Equality Act 2010
- Public Sector Equality Duty
- The Best Value Guidance
- The Public Service (Social Value) 2012 Act

### 8.4 Other implications (where significant) – i.e. Staff, Health Inequalities, Sustainability, Crime and Disorder, and Impact on Looked After Children

Freeport policy is also a significant part of the government's goal of net zero carbon emissions and will be used to develop new technologies and advanced manufacturing to bring forward decarbonisation.

**9. Background papers used in preparing the report** (including their location on the Council's website or identification whether any are exempt or protected by copyright):

Cabinet Report – 13 January 2021

<https://democracy.thurrock.gov.uk/documents/s29328/Thames%20Freeport%20Bid%20to%20Government.pdf>

Cabinet Report – 7 July 2021

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**10. Appendices to the report**

None

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