

## SOLENT FREEPORT – SITE SPECIFIC AGREEMENTS

### 1. RECOMMENDATIONS

- 1.1 That Cabinet authorises the Chief Executive to enter into Site Specific Agreements with landowners and the Solent Freeport Consortium Company, the terms of which are set out in this report and in the draft template at Appendix 1.

### 2. INTRODUCTION

- 2.1 This report seeks Cabinet's approval to enter into Site Specific Agreements with the Solent Freeport Consortium Limited and the individual landowners, whose land is situated in the proposed tax site within the District, as part of the new Solent Freeport.

### 3. BACKGROUND

- 3.1 The Cabinet, at its meeting on 3 February 2021, agreed that the Council support the bid to Government for the creation of a Freeport within the Solent and that the Leader of the Council write a letter confirming NFDC support to the bid. At the Council meeting of 19 July 2021, the Council then agreed to support the submission of an Outline Business Case to Government supporting the establishment of the Solent Freeport which includes a proposed tax site within the Council's Waterside area covering 4 specific landholdings; the former Fawley Power Station, Exxon Mobil, ABP's Strategic Land Reserve and Solent Gateway. The remaining tax sites fall within the respective administrative boundaries of Eastleigh Borough Council (The Navigator Quarter), Havant Borough Council (Dunsbury Park) and Southampton City Council (Redbridge). The reports to Cabinet and Council can be found at the following links:-

<https://democracy.newforest.gov.uk/ieListDocuments.aspx?CId=133&MIId=6995>

<https://democracy.newforest.gov.uk/ieListDocuments.aspx?CId=193&MIId=7273>

- 3.2 Since that time, work has continued to develop the creation of the Solent Freeport which has involved a number of parties and bodies working together, including the Solent LEP, New Forest District Council, Eastleigh Borough Council, Havant Borough Council, Southampton City Council and Portsmouth City Council, relevant landowners of proposed tax sites and the Solent Freeport Board. A number of workstreams have been set up to progress the necessary work which are supported by senior officers of the respective Councils and other advisers and representatives,
- 3.3 As work evolves, Members of the Council have received a number of briefings on the emerging Solent Freeport, what it means for the District and wider economic area, including the implications for the Council in its capacity as Rating Authority.
- 3.4 Approval of the Solent Freeport Outline Business Case is expected imminently from the Department of Levelling Up, Housing and Communities (DLUHC), whereupon the process will proceed to a Full Business Case following tax site designation. A report will be taken through the Council's decision making procedures, including Cabinet and Council in Spring this year, to seek approval for the Full Business Case.

- 3.5 In order for the Government to sign off the Outline Business Case and to be able to move to the next stage, the relevant parties involved in the Solent Freeport are required to reaffirm their commitment to working together by entering into Site Specific Agreements for each proposed landholding within the specific proposed tax sites. Taking the Waterside tax site as an example, there is a requirement for 4 separate Site Specific Agreements to be entered into; the parties being the relevant landowner(s), the Council and the Solent Freeport Consortium Limited. Section 4 below gives further information on the contents of the Site Specific Agreements.

#### **4. SITE SPECIFIC AGREEMENTS**

- 4.1 These are the agreements which the Government requires landowners, Councils (in their capacity as Rating Authorities) and the Freeport Consortium Limited to enter into, prior to proceeding to the next stage of preparation for the Full Business Case. They are a precursor to sites being designated as tax sites.
- 4.2 A draft template of the Site Specific Agreement is attached at Appendix 1 to this report.
- 4.3 The Site Specific Agreement (SSA) sets out the high level principles of how the landowners, the Council and the Freeport Company will work together, in good faith, to achieve the Freeport's objectives which are to:-
1. Establish the Solent Freeport as a hub for global trade and investment across the UK.
  2. Promote regeneration and job creation.
  3. Create hotbeds of innovation and skills, pioneer approaches to climate change adaptation and decarbonisation and accelerate the transition to a 'Net Zero' economy.
- 4.4 The SSA requires landowners to use their 'best endeavours' to use the land in line with one or more of the Freeport Objectives (including their end users) as this is necessary to give the Government assurance that the tax benefits associated with the tax site will be used to achieve their intended aims.
- 4.5 The SSA sets out provisions how the parties will receive reports from owners on progress in achieving the Freeport Objectives, how information will be shared between the parties and provisions to ensure that opportunities for seed funding and retained rates funding are notified to owners, who in turn, will be able to make representations in support of any applications for such funding.
- 4.6 In recognition of one of the main principles of Freeports that retained business rates (resulting from new business growth within tax sites) will be shared across the whole of the Freeport and related economic area, the SSA obligates the Council and the Freeport Company to work together to agree protocols by which retained rates (collected by different rating authorities) within the Solent Freeport area, may be pooled and how seed capital funding and retained rates funding will be distributed and spent.
- 4.7 The SSA does not stipulate the criteria for business rate relief, which will be a decision for the Council, as Rating Authority, although there is a requirement for the Council to consult with the Freeport Company over proposals in this regard. However, the ultimate decision on the criteria to be applied for business rate relief will be a matter for the Council.

- 4.8 The SSA, once signed, will run to 30 September 2036 unless terminated earlier in accordance with the provisions of clause 9 of the template agreement.
- 4.9 All the Councils with tax sites falling within their administrative areas, are required to sign Site Specific Agreements with landowners, before moving to Full Business case. The terms of these agreements are to accord with the draft template attached at Appendix 1.
- 4.10 Senior officers of the Council have carefully considered the terms of the SSA and consider that they are reasonable. Nothing in the agreement fetters the Council's discretion to make decisions in respect of the criteria to be applied when granting business rate relief to new businesses attracted to the new Freeport. Nor does entering into the SSAs give any specific consent to landowners to use the land in a particular way; this will be determined in accordance with the planning regime.

## **5. CONCLUSIONS**

- 5.1 Before work can move to the next stage of developing the Full Business Case for Government's approval, there is a requirement for all the parties involved in the Solent Freeport, to enter into agreements reconfirming their commitment to work together to achieve the Freeports Objectives. These agreements take the form of Site Specific Agreements with the signatories being landowners, the relevant Councils and the Freeport Company.
- 5.2 The terms of the agreements are considered reasonable and will enable work to advance to the next stage, where a Full Business Case will be prepared, led by the Solent LEP and Solent Freeport Board, in consultation with the relevant Councils and landowners. A full report will be taken to Cabinet and Council in Spring this year in order to obtain the Council's final approval for the Full Business Case.

## **6. FINANCIAL IMPLICATIONS**

- 6.1 By signing the Site Specific Agreements, the Council is committed to drawing up and publishing a Freeport Tax Site Business Rate Relief policy and is aligning to the fundamental principle of the pooling of retained business rates from within the Tax Site areas falling inside the New Forest district boundary. The granting of business rate relief to businesses operating within said tax sites, within the appropriate time parameters, will be fully funded by the UK government.
- 6.2 Full Financial Implications surrounding the wider Freeport project will be included within the Full Business Case and associated documents, for Council approval.

## **7. CRIME & DISORDER IMPLICATIONS**

- 7.1 There are none directly arising from this report

## **8. ENVIRONMENTAL IMPLICATIONS**

- 8.1 The Solent Freeport Greenprint Framework has a number of key priorities to bring about greater environmental benefits. They include the following themes:-
- **Net zero with nature** – providing the leadership necessary to reduce carbon emissions and build zero carbon economy and communities.

- **Natural health service** – improving physical and mental health and wellbeing and tackling health inequalities through greater access to world class natural environments.
- **World class blue/green environments** – protecting, restoring and improving distinctive environments, enabling their eco-system services to contribute to a strong economy and a healthy inclusive society.
- **Creating great places through equality in design and build** – encouraging an innovative approach to creating high quality, inclusive and sustainable places for people and nature.
- **Centre for excellence in green skills and jobs** – tackle local skills gaps and economic inequalities by building a future workforce which can seize the opportunities offered by innovation in key sectors of the economy.

## 9. EQUALITY & DIVERSITY IMPLICATIONS

- 9.1 The Freeport designation will bring about positive economic and social benefits to the area, through the creation of a whole new growth agenda in an area where pockets of deprivation exist. There will be new job opportunities in constructing facilities and infrastructure within the freeport's boundaries, employment in the new industries and businesses that take root and drive innovation, economic growth, urban regeneration and environmental improvements which in time, will bring about better local job prospects including improved schooling, healthcare and amenities and new housebuilding for local people.

## 10. PORTFOLIO HOLDER COMMENTS

- 10.1 The Solent Freeport offers an exciting opportunity to maximise the benefits of economic development within the Waterside to our residents by promoting the sustainable use of allocated employment sites. As stated within the report, neither the entering into Site Specific Agreements nor the designation of the Freeport by the Government will alter the requirement for sites to obtain required planning consents before development can take place. By entering into these agreements the Council ensures that landowners, their successors and tenants, use their best endeavours to deliver development that meets the Freeport objectives, which includes promoting job creation and pioneering approaches to climate change adaptation and decarbonisation.
- 10.2 If designated the Solent Freeport will deliver new jobs, and importantly access to the training and up-skilling required to enable local residents to access them, investment in needed infrastructure and commit site owner to achieving the Freeport objectives. I support the recommendation in paragraph 1.1.

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**Background Papers:**  
 Draft Site Specific Agreement  
 Cabinet – 3 February 2021  
 Council – 19 July 2021

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