

REPORT TO: Executive Board
DATE: 14 April 2022
REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources
PORTFOLIO: Corporate Services
SUBJECT: Liverpool City Region Freeport
WARDS: Boroughwide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of the report is to seek approval for Halton to become part of the Liverpool City Region (LCR) Freeport. To include Tax and Customs Sites within the borough and to administer the Business Rates Relief and Tax Increment Financing (TIF) opportunities as they arise. Also, to identify a series of projects which could be funded through the Business Rates income.

2.0 RECOMMENDATION: That the Board

- 1. approves the Council entering into a Memorandum Of Understanding to become part of the LCR Freeport;**
- 2. gives delegated authority to the Chief Executive, in consultation with the Leader and the Portfolio Holder for Corporate Services, to take all reasonable steps to participate in the LCR Freeport; and**
- 3. authorises the Operational Director Finance to set up the required processes to facilitate the Business Rates and TIF associated with the Freeport operations.**

3.0 SUPPORTING INFORMATION

3.1 The LCR Freeport Management Board will be submitting a Final Business Case to Government in April 2022 to establish a LCR Freeport. If successful it will be one of eight new Freeport's set up by Government. Three Tax Sites are permitted within each Freeport area along with an unlimited number of custom sites. The LCR Freeport Tax Sites proposed are Parkside in St Helens, Wirral Waters and 3MG in Halton. Halton have also proposed two customs site one at 3MG (Stobart Rail Terminal) and one at the Port of Weston.

3.2 If the LCR Freeport bid is approved, the Tax Sites will enable new businesses operating within the sites to access tax measures including:

Enhanced Capital Allowances, Enhanced Structures and Buildings Allowance and Stamp Duty Land Tax Reliefs. These are now legislated for in the Finance Act 2021. Further to this, businesses will qualify for relief on National Insurance Contributions, and these will be legislated for in the National Insurance Contributions Bill 2021. These incentives will help to accelerate Inward Investment bringing new jobs and business rates into the Borough.

- 3.3 All qualifying businesses within the Freeport boundary (who meet the Freeport Gateway criteria) will be entitled to the HMRC benefits as they apply. Qualifying businesses could receive up to 5 years business rate relief fully funded from Government. The Council will retain all business rates generated within the Freeport boundary (above a pre-set baseline) from 2022 for a period of 25 years to invest in regeneration projects which may be linked to the Freeport, but can be wider in scope or to use the income to borrow against. The Council will need to agree a broad list of projects that would utilise the retained Business Rates funding and these will be developed in due course. Tax Site Authorities (Halton, Wirral and St Helen's) have the discretion to award 100% Business Rate Relief and will consider the recommendations of the Freeport Management Board in confirming business rate reliefs for new businesses within the Freeport Tax Sites.
- 3.4 Seed funding is also available to support the acceleration of Freeports and Halton has been provisionally allocated £6.5m towards much needed infrastructure works to open up the Port of Weston and divert traffic from local roads into a dedicated commercial access point. The main focus of these infrastructure works will be a connecting road from Burton Road to the Port of Weston opening up access to the Port of Weston and Percival Lane providing access to in the region of 40 hectares of land with the potential for development, including Weston's surface access. It is envisaged that adoption and / or public access will be a central theme.
- 3.5 The Council would adopt a similar approach and governance for the retained Business Rates as we currently have in place for Sci Tech Daresbury but not be as geographically constrained. Six Tax Incremental Financing (TIF) principles allow the Council to borrow capital funding upfront to invest in infrastructure within the Freeport area. Repayments of the borrowing will be funded by future growth in business rate income streams. Borrowing periods and amounts will be limited to the life of the Freeport scheme and undertaken based on prudent estimates of future generated income. The Council will be able to recover all costs associated with the borrowing.

4.0 POLICY IMPLICATIONS

- 4.1 The 3MG Masterplan and the Port of Weston are predicated on employment and the development of land to add value to the local

economy, to create new jobs and generate business rates income for the Council. It is envisaged being part of the LCR Freeport will help to accelerate these benefits. The West Runcorn Masterplan specifically details the development potential of the Port of Weston and both sites are of central importance to the economic vision for Halton; 'Halton 2030'.

5.0 FINANCIAL IMPLICATIONS

Whilst there are no direct financial implications to becoming part of the LCR Freeport, there may be an indirect impact in terms of business rates generated within the boundary of the Halton Freeport Tax Site being ring-fenced to support its ongoing development. However, it should be noted that the sites identified in Halton's Freeport area are vacant and, therefore, any future business rates incentives would be underwritten by government, and there would not be a loss of business rates revenue to the Council. The Council would be required to use some of the future business rates uplift to support internal and external Freeport management and delivery costs.

However, if Halton decides not to be involved, it would lose the 'in principle' £6.5m of seed funding and businesses may be reluctant to relocate to Halton if other sites in the LCR Freeport are available.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

There are no implications associated with this report.

6.2 Employment, Learning and Skills in Halton

Overall the LCR Freeport will assist in providing high quality job opportunities for local people.

6.3 A Healthy Halton

Increasing the opportunities for local people and providing access to local employment, will increase the opportunities for healthier living.

6.4 A Safer Halton

7.0 There are no implications associated with this report.

7.1 Halton's Urban Renewal

The LCR Freeport will act as a catalyst to attract developers and new businesses to the area by creating an attractive, well-accessed and service area, which provides a safe and attractive environment for employees and the wider community.

7.0 RISK ANALYSIS

- 7.1 There is a risk if Halton decides not to be involved, Halton would lose the 'in principal' £6.5m of seed funding, accelerated pace of investment expected as a result of Freeport status and will not generate the additional business rates income.

8.0 EQUALITY AND DIVERSITY ISSUES

- 8.1 Not applicable.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None within the meaning of the Act.