



## Glasgow City Region Cabinet

Report by Kevin Rush,  
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**Item 2**  
16th June 2022

### Clyde Green Freeport Bid

#### **Purpose of Report:**

This report provides Cabinet with an update on the development of a bid for a Green Freeport within Glasgow City Region and seeks approval for submission of the final bid to the UK Government and Scottish Government.

#### **Recommendations**

The Cabinet is invited to:

- a. Note the content of the report;
- b. Approve the next steps set out in the report (Section 7) and the submission of the final bid by the deadline of 20 June 2022; and
- c. Agree that the Chair of the Cabinet will submit a letter of support for the bid, on behalf of the Cabinet, for inclusion in the bid that is submitted to governments.

## **1. Purpose**

- 1.1 This report provides Cabinet with an update on the development of bid for a Green Freeport within Glasgow City Region and seeks approval for submission of the final bid to the UK Government and Scottish Government.

## **2. Background**

- 2.1 In October 2021, the UK Government, following Brexit, implemented a policy to establish freeports throughout the UK. The policy was initially presented for implementation in England through a competitive bidding process with eight freeports being established. Contemporaneous discussions had been ongoing with the Scottish Government regarding how this would be implemented in Scotland.
- 2.2 In anticipation of the opening of a competitive bidding process for Scottish freeports, a number of the GCR local authorities and private sector partners (Glasgow Airport, Clydeport, as the port authority, and PD Stirling as the developer for the Mossend International Rail Park) came together to discuss the potential for submitting a bid for Glasgow City Region.
- 2.3 In March 2021, the Glasgow City Region's Chief Executives' Group approved a £50,000 contribution from the GCR Programme Management Office (PMO) budget to explore the development of a bid for Glasgow City Region. This funding has been supplemented by contributions from the private sector partners, additional funding from four member authorities and by Scottish Enterprise.
- 2.4 The GCR bid has been named the 'Clyde Green Freeport' and a website - <https://clydegreenfreeport.co.uk> - has been developed in order to support the development of the bid and to raise awareness among the public and businesses within Glasgow City Region.

### **Green Freeport Prospectus**

- 2.5 The [prospectus for Green Freeports in Scotland](#) was published on 25 March 2022 with a deadline for final submissions of 20 June 2022 – a 12 week period for bid preparation. Consultants were appointed by the PMO to support the public and private partners to develop the bid.
- 2.6 A green freeport is a large, zoned area within a defined boundary which includes a rail, sea or airport. Operators and businesses located within the zone can benefit from a package of tax and other incentives.
- 2.7 The Prospectus sets out four principal objectives:
  - promote regeneration and high-quality job creation – this is the lead policy objective;
  - promote decarbonisation and a just transition to a net zero economy;
  - establish hubs for global trade and investment; and,
  - foster an innovative environment.

### **3 Financial Incentives**

- 3.1 A successful bid for a Clyde Green Freeport would allow access to a range of potential financial incentives for the designated tax sites, subject to agreement of details with HMRC, including:
- relief from Land and Building Transaction Tax for 5 years for qualifying investments;
  - Enhanced Structures and Buildings Allowance (SBA);
  - Enhanced Capital Allowances (ECA) for companies investing in qualifying new plant and machinery assets;
  - Employer National Insurance Contributions (NICS) relief for certain employees working in the tax site up to a maximum level of income; and
  - Non-Domestic Rates Relief of up to 100% relief (for 5 years) on certain properties and property improvements within designated tax sites.
- 3.2 The specifics of any tax relief would be at the discretion of HMRC, and the individual companies concerned who apply for such benefits. The UKG has stated their intention to allow local authorities in which the tax sites are located to retain the business rates growth because of the new investment achieved (above an agreed baseline). The stated preference for this arrangement is to allow local authorities and their partners to use such funds to invest in regeneration and infrastructure that will support further growth in the area.
- 3.3 Any designated customs site within a Green Freeport designation would be able to apply to have import duties on supplies suspended and elect to pay such duties on either imported goods or finished products (after being processed in the site). Any such arrangement will be subject to strict criteria applied by HMRC and be subject to having an authorised operator in place before such a designation applies.

### **4. Clyde Green Freeport**

- 4.1 This report does not attempt to summarise the entire bid or to include comprehensive details of its content. This is primarily due to the bidding process being a competitive one. The scope and potential benefits of the proposed Clyde Green Freeport bid will be set out to Cabinet in a presentation at the meeting on the 16 June by the consultants working with the GCR partners to develop the bid.
- 4.2 The scope of the Clyde Green Freeport will uniquely include rail, air and sea ports and aims to attract major new investment to Glasgow City Region, develop global trading opportunities, create tens of thousands of new jobs, accelerate net zero objectives agreed at COP26, and take the region's world-class innovation economy to the next level.
- 4.3 Clyde Green Freeport would maximise the area's transport network and facilities at Glasgow Airport, the freight interchange at Mossend, Bellshill and four deep-water ports on the River Clyde. It would also make significant progress towards decarbonising the area's transport infrastructure.

## **5. Financing**

- 5.1 If the bid is successful then up to £25m of seed capital will be made available to further develop the projects that are part of the bid and to establish the necessary governance arrangements are in place. There would then be the requirement to develop the bid to the Outline Business Case and then Final Business Case stages of development.

## **6. Governance**

- 6.1 During the development of the bid, a Bid Development Group, chaired by Kevin Rush as the Senior Responsible Officer (SRO), and with a membership consisting of representatives from all relevant local authority and private sector partners.
- 6.2 Discussions have taken place around the potential governance arrangements that would be put in place should the Clyde Green Freeport bid be successful and these would require suitable partnership arrangements to be put in place that allowed public and private sector representation.
- 6.3 Discussions will progress to establish the potential governance arrangements if the Clyde Green Freeport bid is successful.

## **7. Next Steps**

- 7.1 The deadline for submission of the bid is 20 June 2022 and it is anticipated that the awarding of freeport status will be publicised by the end of August 2022.
- 7.2 Following the Cabinet meeting on the 16 June the GCR PMO, alongside officers from the member authorities, and private sector partners, will finalise the bid documents. It is proposed that Cabinet delegate the sign-off of the final detailed bid submission to the SRO and the Bid Development Group. The detailed bid submission will be available to members of the Cabinet on request.

## **8. Recommendations**

- 8.1 The Cabinet is invited to:
- a) Note the content of the report;
  - b) Approve the next steps set out in the report (Section 7) and the submission of the final bid by the deadline of 20 June 2022; and
  - c) Agree that the Chair of the Cabinet will submit a letter of support for the bid, on behalf of the Cabinet, for inclusion in the bid that is submitted to governments.