

## Economic Development Digital Advisory Board

Tuesday 23 February 2021 at 2.00pm

Meeting to be held virtually via Microsoft Teams

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## AGENDA

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	Page No
1. <b>Apologies for Absence (Members)</b>	
2. <b>Declarations of Interest</b>	
Please remember to declare any personal interest where appropriate both verbally and by recording it on the relevant form (to be submitted to the Strategy & Democratic Services Assistant). Please also remember to leave the meeting where any personal interest requires this.	
3. <b>Minutes of the Previous Meeting held on 21 July 2020</b>	1-4
For approval as a correct record	
4. <b>EU Exit Update</b>	5-16
5. <b>Covid-19 Economic Recovery Plan</b>	17-30
6. <b>Freeport Update</b>	31-43
7. <b>Date and Time of Next Meeting:</b> Tuesday 20 April 2021 at 2.00pm	

Contact Officer: Jonathan Lunness  
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Email: [jonathan.lunness@northeastca.gov.uk](mailto:jonathan.lunness@northeastca.gov.uk)

## **Economic Development and Digital Advisory Board**

### **Draft Minutes for Approval**

21 July 2020

(11.30am – 12.15pm)

Meeting held: virtually via Microsoft Teams

#### **Present:**

Chair	Cllr G Miller
Councillors	M Brain, J Anglin, C Marshall
Co-opted Members	G Hall, A Westwood (Substitute)
Officers	P Melia, G Currey, B Poulter, V Taylor, A Mason, N Robason, G Armstrong, J Lunness, M Coleman, K Connolly

#### **1. APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllr I Malcolm and Co-opted Members S Glendinning, B Farhat, S Hanson and J Walker.

#### **2. DECLARATIONS OF INTEREST**

There were no declarations of interest.

#### **3. MINUTES OF THE MEETING HELD ON 28 JANUARY 2020**

The minutes of the previous meeting held on 28 January 2020 were approved as a correct record.

#### **4. MATTERS ARISING**

The Chair informed Members that this meeting was the first NECA Economic Development and Digital Advisory Board to be held virtually. It was noted that the meeting was being livestreamed via YouTube.

5. **COVID-19 ECONOMIC RECOVERY**

Submitted: A report and presentation of the Thematic Lead for Economic Development and Digital (previously circulated and attached to Official Minutes).

The Advisory Board received a presentation on the Regional Economic Recovery from Covid-19. Members were invited to take part in a discussion afterwards. The presentation was delivered by V Taylor.

The presentation provided information on the following topics:

- The local impact so far;
- The regional response and recovery planning;
- Recent developments and schemes announced by Government;
- The emerging recovery package;
- Summary of Recovery and Renewal Deal.

During the presentation, the following points were noted:

- 97% of businesses have been impacted with 35% concerned about potential closures;
- leisure and hospitality sectors have taken a big hit and some continue to struggle to operate at a profitable level;
- town centre footfall is down around 30% compared to last year;
- construction sector has restarted and digital infrastructure has coped well;
- potential impacts include a reduced demand for office space but an increased demand for warehouse space as online shopping increases;
- the most vulnerable and disadvantaged have been amongst hardest hit;
- the regional economy is highly internationalised in terms of FDI and exporting, meaning lockdown sequencing elsewhere in the world continues to have an impact;
- Local Resilience Forum involved in the immediate response to both the health crisis and the societal crisis;
- planning for the recovery began quite quickly;
- Chief Executives of Newcastle City Council and Sunderland City Council are planning and coordinating the response to ensure the four workstreams are coordinated and robust;
- the regional response maintains a flexible structure with clear objectives;
- metrics for Covid-19 recovery include understanding the impact on inequality in the region;

- ‘Shovel Ready’ schemes include £47m for the North East (LA7 area) which can be completed in an 18-month period – projects include the Aykley Heads Project in Durham, Gateshead Quays in Gateshead, the Holborn Riverside Development in South Tyneside and rolling out 5G in Sunderland;
- Brownfield Land fund for housing development is exclusive for Mayoral Combined Authorities and none of the fund allocated for non-Mayoral Combined Authorities such as NECA;
- furlough retention scheme and additional funding and employer subsidies for apprenticeships may be a recognition that we may not get back to full level of jobs;
- energy efficiency schemes including home insulation vouchers are not always taken full advantage of by those worst off;
- NECA will continue to seek to influence the Autumn Budget to aid the North East recovery, including pushing the Government to fulfil their promise to ‘level-up’ the region;
- Local Government has lost income streams and the settlements announced by Government are not in line with the money lost;
- NECA will seek to take advantage of any Government schemes as and when they are announced;
- the proposed economic recovery plan includes bold proposals to support job recovery, drawing on the strengths of the region while seeking to protect sectors already present;
- the recovery will seek to build a ‘cleaner, greener and more inclusive economy’;
- in the emerging recovery package, job recovery is a supply side issue, where people may be moving across sectors and the region will need to match and plug gaps with skills support;
- in the North East the demand side doesn’t bounce back as quickly so the package focuses on this, aiming to create jobs and build resilient communities;
- the economic recovery aims to be demand led, taking advantage of government schemes to build a cleaner, more inclusive economy;
- region remains well placed for Advanced Manufacturing, offshore energy production, attracting FDI, innovation and digital/creative sector and natural assets;
- region faces challenges in terms of high youth unemployment and previous recoveries in the region have been slow.

During discussion by Members, the following points were raised:

- NECA should continue to work with Government for more resources for the recovery, however it is not a good starting point that NECA is already being discriminated against as a non-Mayoral Combined

Authority by not being allocated any money from the Brownfield Land fund.

- Members can continue to raise this issue and press the Government on why non-Mayoral Combined Authorities have been excluded;
- the region is already facing a lack of investment over 10 years;
- the North East punches above its weight for inward investment but with proper investment from Government the economy could be kickstarted;
- the digital divide means that vulnerable communities struggled more during Covid-19 because of a lack of access to digital technology and good broadband;
- access to technology for all could be a stronger strand in the recovery plan to build resilience;
- Government needs to step up to the plate to support the leisure and hospitality sectors as they have a long road to recovery;
- capital resources are received with welcome but access to revenue funding is important and there has been 10 years of cuts with no reimbursement for local councils;
- it is important to press the Government on revenue funding;
- recovery is about people and so skills, resilience and new jobs need to be considered;
- there is a robust regional structure in place but each Local Authority can do their own work through recovery plans and projects at a local level;
- the presentation was strong and the asks of Government to aid the recovery must be big, with now being the time to hold the Prime Minister to his promise of 'levelling-up' across the region;
- NECA is grateful to business and communities across the region who were innovative and stepped up to the plate when needed most.

The Chair thanked V Taylor for the update and presentation.

**RESOLVED** – That:

- i. the report and presentation be noted.

## 6 DATE AND TIME OF NEXT MEETING

Tuesday, 24 November 2020 at 2.00pm



North East Combined Authority

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Agenda Item 4

## **Economic Development and Digital Advisory Board**

**Date:** 23 February 2021

**Subject:** EU Exit Update

**Report of:** Thematic Lead for Economic Development and Digital

### **Executive Summary**

The purpose of this item is for the Board to receive a presentation on the UK's exit from the European Union and the impact upon the North East Combined Authority area.

It focusses particularly upon the UK-EU Trade and Cooperation Agreement signed in Dec 2021, the initial impact this had upon businesses in the NECA area and the potential longer term risk and opportunities arising.

Please find the presentation attached in Appendix 1.

### **Recommendations**

The Advisory Board is recommended to note the contents of the report and the presentation and recommended that a further update be provided at the next meeting.

## **Economic Development and Digital Advisory Board**

### **1. Background Information**

1.1 Report is attached in PowerPoint form.

### **2. Proposals**

2.1 This report is for information.

### **3. Reasons for the Proposals**

3.1 This report is for information.

### **4. Alternative Options Available**

4.1 Not applicable.

### **5. Next Steps and Timetable for Implementation**

5.1 Continue to monitor the impact of EU Exit upon our economy.

### **6. Potential Impact on Objectives**

6.1 Links to the delivery of the North East Strategic Economic Plan, Local Transport Plan and evolving NECA Economic Plan.

### **7. Financial and Other Resources Implications**

7.1 As the report sets out, there are likely to be financial implications for our economy and for NECA and the constituent authorities, the extent of which will become clearer over the medium-term. The plans described above aim to mitigate and monitor the potential repercussions outlined.

## **Economic Development and Digital Advisory Board**

### **8. Legal Implications**

8.1 There are no legal implications arising from this report.

### **9. Key Risks**

9.1 The key risks and opportunities from the UK-EU Trade and Cooperation Agreement are set out in the report.

### **10. Equality and Diversity**

10.1 There are no implications arising from this report.

### **11. Crime and Disorder**

11.1 There are no implications arising from this report.

### **12. Consultation/Engagement**

12.1 This is not applicable.

### **13. Other Impact of the Proposals**

13.1 This is not applicable.

### **14. Appendices**

14.1 There are no appendices.

### **15. Background Papers**

15.1 The following background documents are referenced in the presentation:

- UK-EU Trade and Cooperation Agreement: [here](#)

## Economic Development and Digital Advisory Board

- ONS Business Impact of CV19 Survey 2021: [here](#)
- House of Commons Committee on the Future Relationship with the European Union, Dec 2020 report on UK-EU Trade and Cooperation Agreement: [here](#)
- The Economist, Jan 2021: [here](#)
- Local Government Chronicle, Jan 2021: [here](#)

### 16. Contact Officers

- 16.1 Rory Sherwood-Parkin, Senior Economic Policy Manager, South Tyneside Council, rory.sherwood-parkin@southtyneside.gov.uk, 07812 514 191

### 17. Sign off

- 17.1
- Head of Paid Service: ✓
  - Monitoring Officer: ✓
  - Chief Finance Officer: ✓

### 18. Glossary

- 18.1 All of the abbreviations and acronyms in the slides are spelled out, with the exception of the following:
- OEM (Original Equipment Manufacturer)
  - VAT (Value Added Tax)
  - UKSPF (UK Shared Prosperity Fund)
  - ERDF (European Regional Development Fund)
  - ESF (European Social Fund)
  - LGA (Local Government Association)
  - NELEP (North East Local Enterprise Partnership)
  - SME (Small and Medium Sized Enterprise)
  - ONS (Office for National Statistics)
  - FDI (foreign direct investment)



## **EU Exit Update**

Rory Sherwood-Parkin, Senior Economic Policy  
Manager, South Tyneside Council

23<sup>rd</sup> February 2021

# Contents

1. UK-EU Trade Agreement
2. Immediate impact
3. NECA Activity
4. Risks & Opportunities
5. UK Shared Prosperity Funds
6. Conclusion & Next steps

# 1. UK-EU Trade Agreement

- **Agreement reached** on Christmas Eve, approved New Years Eve, covering Trade, Information Sharing, Security and Nuclear Cooperation
- **Core elements**; zero tariffs on goods, arrangements on airlines, hauliers, energy, healthcare and social security
- **Compromises** reached on fishing and level playing field (arbitration panel on subsidy usage and rebalancing mechanism on standards)
- **Work still ongoing** (25 specialist committees established, financial services and data to be agreed) and pledge to review deal in 2026
- Commons Brexit Committee; “Agreement is necessarily complex. It will **take time to analyse it fully** and understand its implications.”
- The Economist: it “does not cover of all Britain’s trade, nor does it provide stability. An **eternity of negotiations** lie ahead.”

## 2. Immediate impact

- Deal **removes the threat of tariffs** which would have added considerable costs for importers, exporters and large OEMs
- However, **non-tariff barriers** adding significant time and cost pressures for businesses trading with the EU at a challenging time
- Rise in complex issues flagged by firms on **Rules of Origin** (leading to tariffs for re-exporters), VAT complexities and increase in shipping costs and friction at ports; leading to delays for supply chains, particularly manufacturing firms.
- Difficult to differentiate at this stage what are **teething issues** (ie customs declarations, cooperation at customs offices) or those that are baked into the agreement (ie Rules of origin)
- Larger firms are better prepared, but **concern about SMEs** ability to make export/import changes, paperwork and supply chain robustness
- ONS UK survey in late Jan found 45% of firms **exporting** at same level to EU (33% less or not at all)

# 3. NECA Activity

- **Local Authority business support** teams raising awareness amongst SMEs and signposting towards regional support and Gov advice
- **Comms funding** secured from Government (LA7) to reiterate key messages
- Monitoring impact on **key sectors** (LA7) and refreshing key messaging to Government (UKSPF, Transition support for businesses as in France, Holland)
- Each LA **closely monitoring local impacts** (ie care homes, school milk, capital programmes, medicine supplies, highways, Colleges/Universities)
- Raising any issues with **Government** every week (LA12)
- **NELEP Business Survey** (LA7) getting views from businesses
- Monitoring any **impact upon the vulnerable** from any price rises
- Helping residents access **EU Settlement Scheme**

# 4. Risks & Opportunities

## Risks

- Ongoing Rules of Origin, VAT issues and delays could stop UK firms exporting and impact supply chains
- Carrier fees and VAT could prevent EU firms exporting to UK
- Full import checks, declarations and fees start in July 2021
- Lack of funding or clarity from UKSPF may limit impact
- Potential food cost increases
- Likely fall in international students
- Risk to financial services businesses as not included in Deal
- Longer-term impact on UK economy (given effects on FDI and workforce)

## Opportunities

- NE Freeports bid submitted (supply chain relocation)
- Market opportunity for NE ports
- UKSPF could support key projects, sectors and skills
- UK Subsidy Regime
- Opportunity to reskill and upskill our residents to plug vacancies
- Significant opportunity to grow Electric Vehicle supply chain and gigafactories (2024 and 2026 deadlines)
- Global trade opportunities (Trade & Export Strategy)
- Tap into Horizon research and Turing student (Sept 21) schemes

# 5. UK Shared Prosperity Fund

- UK ability to access new funding from **European Structural & Investment Funds (ESIF)** ended on 31<sup>st</sup> Dec 2020
- Existing programmes and spend continues until **June 2023**
- Question marks over **underspend** (NE Sub-Cttee called for ESF Reserve Funds to be used for jobs recovery; ERDF underspend plans unknown)
- ESIF vital for capital and revenue schemes in NE (£437m 2013-2020)
- 2020 Spending Review said UKSPF would reach £1.5bn a year
- **UKSPF unlikely to be available until 2022** (£220m to prepare in 21/22)
- UKSPF will target “ex-industrial areas, deprived towns and rural and coastal communities” with similar ERDF/ESF split
- **Questions over funding levels**, match, eligibility, outputs, flexibility, timelines, geography and fit with other funds (Levelling Up Fund)
- Secretary of State told LGA UKSPF would have “localism at its heart” with “Councils in the driving seat”
- **Further detail awaited...**

# 6. Conclusion & Next Steps

- Assessing what are teething issues or longer-term concerns
- Local Authorities ramping up business comms to support SMEs
- Liaising with key employers, strategic assets and business groups
- Working with NELEP on new Trade and Export Strategy
- Close NECA and LA7 work looking at risks and opportunities which will effect NECA economy, investment plans and ambitions
- Continue to push Government on need for devolved, flexible and adequate UKSPF to help economic recovery and levelling up
- **Continue to monitor impact of EU Exit and CV19 upon the NECA economy and recovery**

## **Economic Development and Digital Advisory Board**

**Date:** 23 February 2021

**Subject:** Covid-19 Economic Recovery Plan

**Report of:** Thematic Lead for Economic Development and Digital

### **Executive Summary**

The purpose of this item is for the Board to receive a presentation on the impact of Covid-19 upon businesses, the labour market and wider economy in the NECA area, the Government's response and the measures needed to help boost the economic recovery.

Please find the presentation attached in Appendix 1.

### **Recommendations**

The Advisory Board is recommended to note the contents of this report and the presentation and have a discussion on the asks of Government from the March Budget to aid the economic recovery across the NECA area.

## **Economic Development and Digital Advisory Board**

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## **Economic Development and Digital Advisory Board**

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## Economic Development and Digital Advisory Board

### 15. Background Papers

15.1 The following background documents are referenced in the presentation:

- Office for Budget Responsibility Economic and Fiscal Outlook, November 2020: [here](#)
- Lloyds Bank North East Business Barometer Feb 2021: [here](#)
- Bank of England, 'Assessing the State of the Economy' 2020: [here](#)
- Ernst & Young, Regional Economic Forecast, Dec 2020: [here](#)
- Department for Education, Skills for Jobs White Paper, Jan 2021: [here](#)
- Department for Business, Energy & Industrial Strategy, Energy White Paper, Dec 2020: [here](#)
- North East Local Enterprise Partnership, Recovery and Renewal Deal: [here](#)

### 16. Contact Officers

16.1 Rory Sherwood-Parkin, Senior Economic Policy Manager, South Tyneside Council, rory.sherwood-parkin@southtyneside.gov.uk, 07812 514 191

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  - Monitoring Officer: ✓
  - Chief Finance Officer: ✓

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- EY: Ernst & Young
- OBR: Office for Budget Responsibility
- BoE: Bank of England
- BEIS: Department for Business, Energy and Industrial Strategy



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## **Economic Development and Digital Advisory Board**

- MHCLG: Ministry of Housing, Communities and Local Government
- JETS: Job Entry Targeted Support
- CBI: Confederation for British Industry
- TUC: Trade Union Congress
- NECC: North East Chamber of Commerce



## **CV19 Economic Impact & Recovery Update**

Presenter TBC, South Tyneside Council

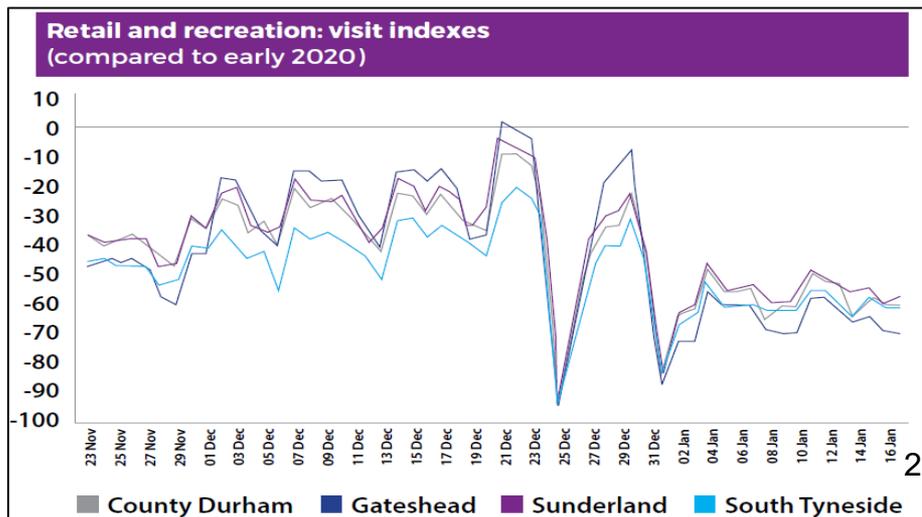
23<sup>rd</sup> February 2021

# Contents

1. Economic impact
2. Labour market impact
3. NECA LA response
4. Government announcements
5. Budget 2021
6. Next steps

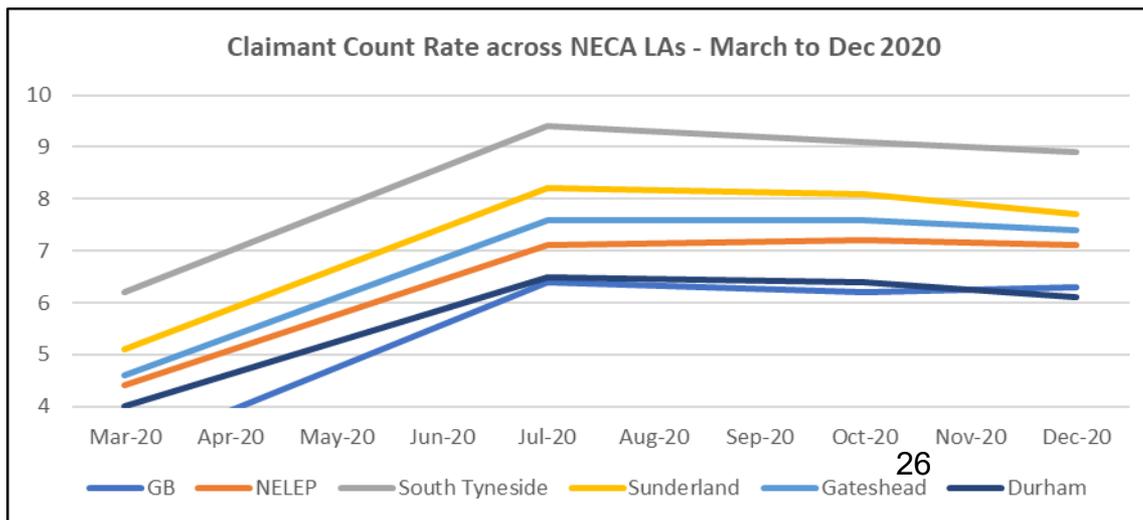
# 1. Economic impact

- Profound economic shock; EY say NE economy will not return to 2019 levels until 2023 with NECA hit hard given high proportion of jobs in at-risk sectors (hospitality, accommodation, retail, visitor economy, travel)
- Footfall remains depressed in town and city centres, compounded by impact of national retail closures (Debenhams, Arcadia, Hays Travel)
- Job losses and closures in automotive sector from market slowdown
- Many firms exhausted reserves and cash flow, real concerns for viability
- Business confidence is low (Lloyds Business barometer; only 24% believe revenues will be back to pre-CV19 levels this year) but above UK average
- Yet digital, professional services, low-carbon and construction doing well



## 2. Labour market impact

- Rise in unemployment since March 2020 (6.4% in NE compared to 5% nationally) means we have highest levels outside London
- Furlough keeping this down; 52,000 workers (11% of workforce) on Furlough at end of Dec (up from 32,000 in Sept)
- While plateaued at end of 2021, NECA claimant count up from 4.7% in March to 7.5% in Dec, particularly amongst 18-24s (up 4,000).
- Encouragingly, NE vacancy levels close to pre-pandemic levels (growth in construction, logistics, manufacturing, health and social care)
- Redundancy levels (four times Nov 2019 levels) suggests rise in unemployment in Spring/Summer (OBR and BoE say peak in Summer)



# 3. NECA LA response

- **Supporting businesses through:**
  - Closed Businesses Lockdown Payment
  - Open, Closed & Sector Local Restriction Support Grant schemes
  - Additional Restrictions Grants (taking LA7 approach and supporting supply chain and non-listed firms)
  - Christmas Support Payments for Wet-led Pubs
  - Helping businesses to access Government loans
  - Signposting to support (particularly on import/export re EU Exit)
- **Coordinating Kickstart six-month placements**
- **Accessing Getting Building Funds** to accelerate key projects
- **Monitoring impact upon key sectors and trends** (anecdotal rise in start-up activity and industrial unit demand)
- **Reporting feedback and concerns to BEIS & MHCLG (LA7)**, such as those excluded from support, Spring crunch point, lockdown-easing plan

# 4. Recent Government announcements

- **£4bn Levelling Up Fund** to support projects that boost local economic growth (more detail in Spring)
- **UK Shared Prosperity Funds** likely to start in 2022 with transition to fill the gap (more detail to follow)
- **National Infrastructure Strategy** and infrastructure funding
- **Job Centre Plus Restart programme** to support 12-month unemployed (from Summer 2021) and JETS (underway)
- **Energy White Paper & Ten Point Plan** – Real focus on green growth, particularly Electric Vehicles, offshore wind and housing
- **Skills for Jobs White Paper** – Focus on Further Education; upgrading buildings, support for reskilling (Lifetime Skills Guarantee) and building links with industry and growth sectors
- **Consultation on new subsidy regime** to replace EU State Aid (designed to support key sectors)

# 5. March Budget 2021

- **Chancellor to deliver Budget on 3<sup>rd</sup> March 2021** setting out growth, tax and spending measures
- **Expected to announce measures to support the economic recovery**
- **Could include extension of Furlough** (called for by CBI, TUC, NECC and others) and other support (VAT, grants, loan schemes, business rates, eviction ban) to prevent April cliff edge
- **Expecting Post Covid Recovery Plan to outline unlocking of sectors**
- **LA7 submission with call for £2.7bn Recovery and Renewal Deal** with a focus on employment and business support, place, future growth sectors and digital and transport connectivity
- **Also awaiting Devolution White Paper** and possible announcements around Business Rates, UK Shared Prosperity Funds and Government relocation

# 6. Next Steps

- **Continue to rollout grant support to businesses and help residents access new jobs**
- **Continue to monitor impact of CV19 and EU Exit upon the NECA economy and resulting recovery measures**
- **Continue to lobby Government for further support for economic recovery and clarity on funding streams and measures**

# North East Free Port Proposal

Update 23<sup>rd</sup> February 2021

# What is a Free Port?

- Free ports are sometimes referred to as ‘free trade zones’
- An area which is within a country’s territorial area, but considered outside of the country’s customs border.
- This limits the payment of any duties on imported goods until they leave the zone into the domestic market, enabling firms to process and re-export output without paying duties.
- The framework lowers the administrative burden and costs of importing and exporting for firms within the zone. In other countries governments have combined the benefits of free zones with wider incentives to support the development of sites and to stimulate investment, trade and job growth

# UK Free Ports

- In November 2020 the Treasury launched a competition to create around 10 Free Port Zones. The deadline for bids is 5<sup>th</sup> February 2021. The local authorities across the LA7 area are working on a joint bid (it is thought 21 UK areas will be also be bidding).
- The North East bid is based upon a digitally-connected multi-site Free Port Zone, linking advanced manufacturing and port sites. To develop the bid, expert advice has been commissioned by the LEP and a Bid Development Group formed. This includes NECA/NoTCA, Newcastle Airport, Nissan and Ports of Tyne and Blyth.

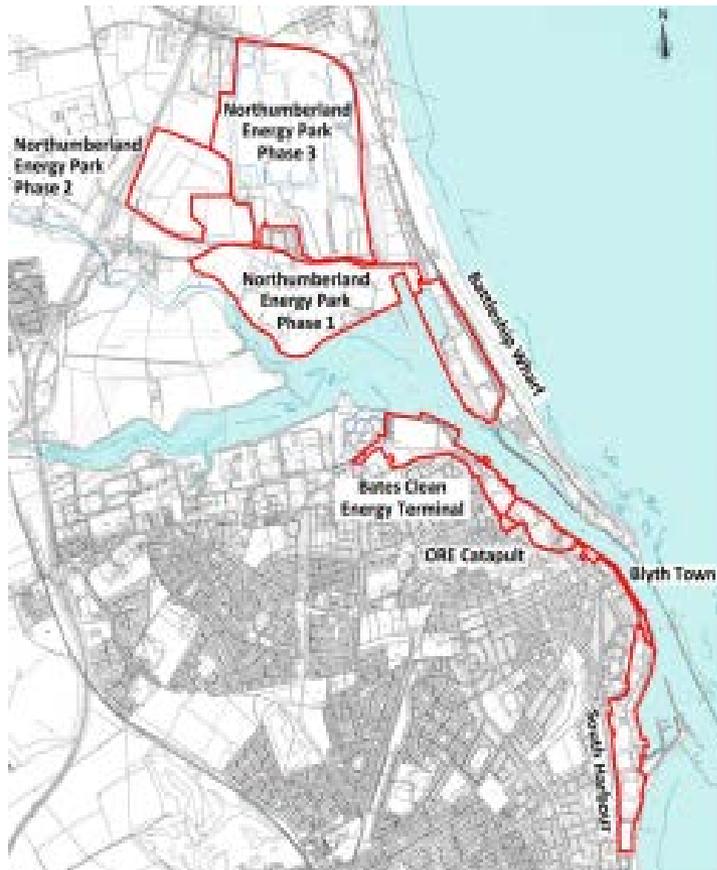
# Government Requirements

- Single Freeport per LEP area
- Freeport to be maximum of 45km wide and must include 1 port
- Allowed 3 separate tax free zones within the boundaries
- Allowed separate customs sites within the freeport area

# Summary of the North East Free Port Model

- 3 ports and the airport
- 3 tax sites covering up to 600 hectares
- Primary customs site/s with the possibility of customs sub-zones
- Wider roll out of Customs Zones linked to on-gong economic and supply chains development across the wider Zone
- Digital enablement for connectivity between gateways and sites. (tracking the movement of goods via ANPR cameras)
- Take advantage of incentives structures for businesses
- A capital investment fund like the Enterprise Zone model plus other added value investments

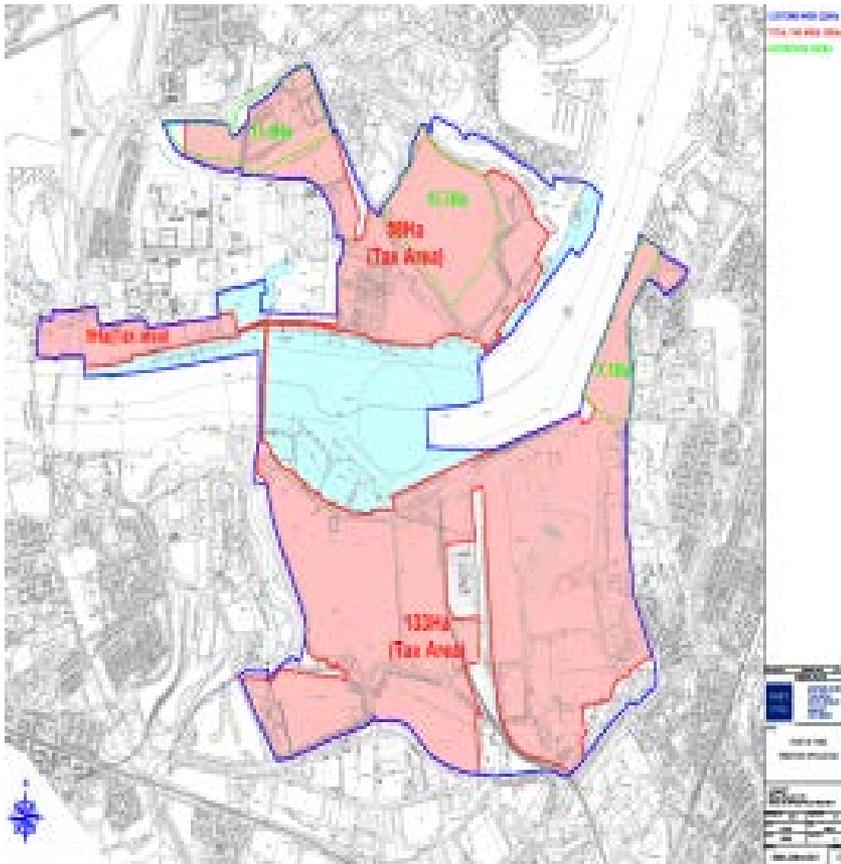
# Proposed Tax Sites



## Northumberland – Port of Blyth

- Sites - with an outer Boundary of c200ha
- Tax Site plan - being refined to exclude developed land and land unable to be developed, with links to show 1 contiguous site.
- Current site includes two Enterprise Zones-Bates and East Sleekburn(NEP1)
- Capital Investment needed £127m - £67m = **£60m**, before capital grant.
- Indicative Estimate of Additional Business rates with contingency excluding EZ model income **£180m**

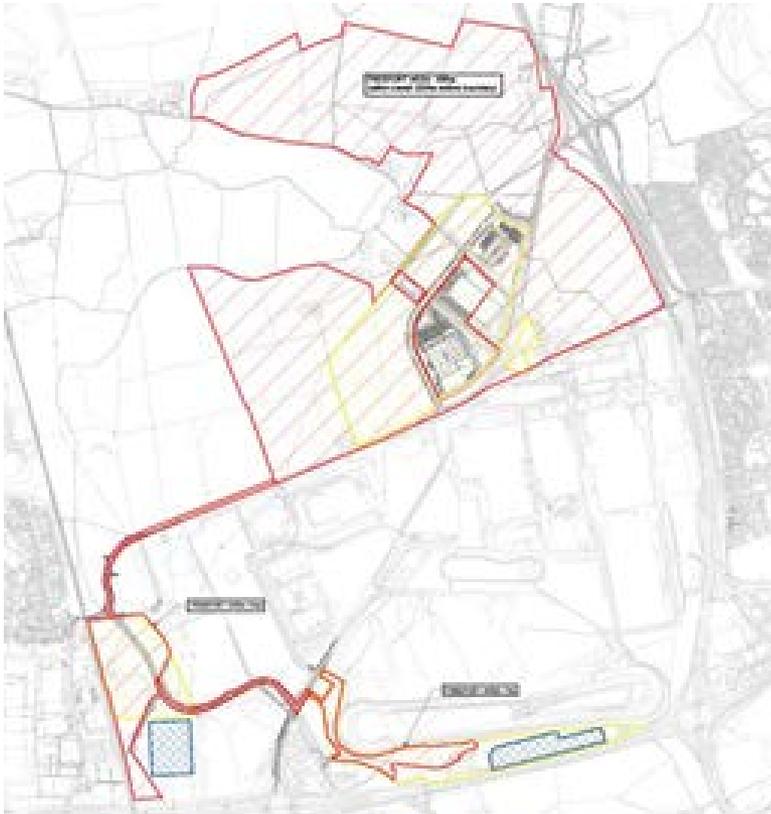
# Proposed Tax Sites



## South/North Tyneside – Port of Tyne

- Three Sites in Port of Tyne Ownership, with an outer Boundary – reduced to c 200ha, include part of Holborn EZ phase 1
- Current site includes three Enterprise Zones -Royal Quays (2 plots) and Holborn Phase 1&2
- Updated Estimate of Capital Investment needed = £125m –£50m match = **£75m**
- Indicative Estimate of Additional Business rates with contingency excluding EZ income and 1% inflation = c **£180m.**

# Proposed Tax Sites



## South Tyneside / Sunderland - IAMP

- Three Sites joined with roads, with an overall Boundary of c 185ha. Current site includes two Enterprise Zones -A19 (2 plots) and IAMP Phase 1
- Estimate of capital investment £100.6m including £20m carbon reduction investment and land acquisition. **Private sector investment TBC**
- Indicative Estimate of Additional Business rates with contingency with inflation @1% excluding existing EZ model income (**£195m**), **Surplus £81m**.

# Customs Sites – Overview & Benefits

The bid includes a number of primary customs sites and sub customs zones.

Businesses operating within Freeport customs sites will receive:

- Tariff benefits, including duty deferral while the goods remain on site, and duty inversion if the finished goods exiting the Freeport attract a lower tariff than their component parts
- Customs duty exemption on goods that are imported into a Freeport, processed into finished goods and subsequently re-exported
- Suspension of import VAT on goods entering the Freeport
- Authorisation to use simplified import procedures

Operators of Customs sites and any businesses within the customs site must be approved by the Government. Operators need to have in place robust perimeter security measures, and an HMRC-approved inventory linking system to control the movement of goods entering and exiting the site

# Proposed Customs sites

All three tax sites will also be customs sites although with variable boundaries enclosing particular aspects of the sites

Customs Site Locations:

- Newcastle Airport
- Port of Sunderland
- Nissan site
- Ashwood Business Park

Further customs sites have been identified:

- Tyne Marshalling yard (Gateshead)
- Jade (Durham)

Other sites have been enclosed in the outer boundary for future proofing supply chains and future developments (Vantec and possibly Nissan)

# Business Rate Surplus & Potential Uses

- Tax sites would generate up to £500m additional business rates over 25 years
- Monies used to fund initial infrastructure investment of c. £250m
- Surplus could be applied to support other parts of freeport not benefitting from special tax status

# Governance

- Bid to Government must include proposal to oversee Freeport
- Body to have maximum of 12 members
- Must include significant private sector support / local MP's etc.

# Timescales

- Steering group working through technical details supported by LEP
- Two briefing sessions for Leaders January 2021
- Bid Sign-off by NELEP Board 28<sup>th</sup> January 2021
- Regional submission to Government 5<sup>th</sup> February 2021