

10.00am, Thursday, 2 November 2023

Forth Green Freeport – Outline Business Case – referral from the Policy and Sustainability Committee

Executive/routine
Wards

1. For Decision/Action

- 1.1 The Policy and Sustainability Committee has referred a decision on the Forth Green Freeport – Outline Business Case to the City of Edinburgh Council for approval:
- 1) To note the overall progress in establishing the proposed Forth Green Freeport (FGF), with operational commencement expected in spring 2024.
 - 2) To note the forthcoming request for Elected Member representation on the FGF Governance Board.
 - 3) To agree to support the submission of the Outline Business Case (OBC) based on the parameters set out in the report by the Executive Director of Place and the Executive Summary (Appendix 1 of the report), subject to the full OBC being circulated to all Committee members prior to submission to ensure compliance with the terms of this report.
 - 4) To note that a summary of the Full Business Case was planned to be presented to Committee in early 2024, with a data room provided for members prior to committee.
 - 5) To request that the interim governance board should have a place for the trade unions.
 - 6) To agree that the planned annual update report to GRBV should also be submitted to the cross party elected member sounding board and should include full details of any reported non-compliance against the Investment Principles and any variance in the NDR revenue received against forecast.
 - 7) To agree that the “Social Impact Key Performance Indicators” due to be set by the Forth ‘Green’ Freeport Board will be shared with Committee via a Business Bulletin update as soon as they are agreed, and that the annual update report to GRBV also included performance measures against these.

Dr Deborah Smart

Executive Director of Corporate Services

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Referral Report

Forth Green Freeport – Outline Business Case – referral from the Policy and Sustainability Committee

2. Terms of Referral

2.1 On 24 October 2023, the Policy and Sustainability Committee considered a report by the Executive Director of Corporate Services on progress in relation to the establishment of the Forth Green Freeport. This included a summary of the Outline Business Case for agreement by Committee prior to submission to the United Kingdom (UK) and Scottish Governments.

2.2 Motion

- 1) To note the overall progress in establishing the proposed Forth Green Freeport (FGF), with operational commencement expected in spring 2024.
- 2) To note the forthcoming request for Elected Member representation on the FGF Governance Board.
- 3) To agree to support the submission of the Outline Business Case (OBC) based on the parameters set out in the report by the Executive Director of Place and the Executive Summary (Appendix 1 of the report), subject to the full OBC being circulated to all Committee members prior to submission to ensure compliance with the terms of this report.
- 4) To note that a summary of the Full Business Case was planned to be presented to Committee in early 2024, with a data room provided for members prior to committee.
- 5) To request that the interim governance board should have a place for the trade unions.

- moved by Councillor Day, seconded by Councillor Watt

Amendment 1

- 1) To note that at the meeting of the Freeport Sounding Board it was requested by two parties, and appeared to be agreed, that the full outline business case should be available to members, either through a b agenda or a data room, ahead of approval at committee.
- 2) To note that a number of concerns were raised including:

- Governance
 - Levers available to the council, and penalties that could be imposed, if investors do not meet fair work or sustainability objectives
 - Lack of clarity on how those objectives will be defined and delivered
- 3) To thank officers for the confirmation at paragraph 4.9 of the report by the Executive Director of Place that a Trade Union representative or employee representative would join the board but to agree that this should be expanded to include both.
 - 4) To agree that it was not possible for councillors to agree an outline business case that they had not seen in full, therefore to agree to defer this report to Full Council to enable a data room or b agenda item to be circulated in good time, ahead of any decision being taken.

- moved by Councillor Campbell, seconded by Councillor Nols-McVey

Amendment 2

- 1) To note the overall progress in establishing the proposed Forth 'Green' Freeport (FGF), with operational commencement expected in spring 2024.
- 2) To note the forthcoming request for Elected Member representation on the FGF Governance Board.
- 3) To note that the Outline Business Case (OBC) would be submitted, based on the parameters set out in these recommendations, report by the Executive Director of Place and Executive Summary (Appendix 1 of the report), and subject to the full OBC being circulated to all Committee members prior to submission to ensure compliance with the terms of this report.
- 4) To note that a summary of the Full Business Case was planned to be presented to Committee in early 2024.
- 5) To agree not to take a position on the Non-Domestic Rates (NDR) proposals as outlined in the report by the Executive Director of Place and request a specific paper on these proposals to be brought to the next Finance & Resources Committee on 21st November, and an officer briefing session arranged before 17 November 2023, to enable this Committee to take a view before submission of the OBC.
- 6) To agree that the planned annual update report to GRBV should also be submitted to the cross party elected member sounding board and should include full details of any reported non-compliance against the Investment Principles and any variance in the NDR revenue received against forecast.
- 7) To agree that the "Social Impact Key Performance Indicators" due to be set by the Forth 'Green' Freeport Board will be shared with Committee via a Business Bulletin update as soon as they are agreed, and that the annual update report to GRBV also included performance measures against these.

- moved by Councillor Parker, seconded by Councillor Mumford

In accordance with Standing Order 22(12), Amendment 2 was adjusted and accepted as an addendum to the motion.

In accordance with Standing Order 22(12), the motion and Amendment 2 were adjusted and accepted as addendums to Amendment 1.

Voting

The voting was as follows:

For the Motion (as adjusted) - 9 votes

For Amendment 1 (as adjusted) - 8 votes

(For the Motion (as adjusted): Councillors Beal, Bennett, Day, Dijkstra-Downie, Doggart, Lang, Meagher, Watt and Whyte.

For Amendment 1 (as adjusted): Councillors Aston, Biagi, Campbell, Macinnes, Miller, Mumford, Nols-McVey and Parker.)

Decision

To approve the following adjusted motion by Councillor Day:

- 1) To note the overall progress in establishing the proposed Forth Green Freeport (FGF), with operational commencement expected in spring 2024.
- 2) To note the forthcoming request for Elected Member representation on the FGF Governance Board.
- 3) To agree to support the submission of the Outline Business Case (OBC) based on the parameters set out in the report by the Executive Director of Place and the Executive Summary (Appendix 1 of the report), subject to the full OBC being circulated to all Committee members prior to submission to ensure compliance with the terms of this report.
- 4) To note that a summary of the Full Business Case was planned to be presented to Committee in early 2024, with a data room provided for members prior to committee.
- 5) To request that the interim governance board should have a place for the trade unions.
- 6) To agree that the planned annual update report to GRBV should also be submitted to the cross party elected member sounding board and should include full details of any reported non-compliance against the Investment Principles and any variance in the NDR revenue received against forecast.
- 7) To agree that the "Social Impact Key Performance Indicators" due to be set by the Forth 'Green' Freeport Board will be shared with Committee via a Business Bulletin update as soon as they are agreed, and that the annual update report to GRBV also included performance measures against these.

In accordance with Standing Order 31.1, the decision was referred to Council for approval.

3. Background Reading/ External References

[Policy and Sustainability Committee of 24 October 2023 - webcast](#)

4. Appendices

Appendix 1 – Report by the Executive Director of Corporate Services

Policy and Sustainability Committee

10.00am, Tuesday, 24 October 2023

Forth Green Freeport – Outline Business Case

Executive/routine
Wards

Executive
13 – Leith

1. Recommendations

- 1.1 It is recommended that Committee:
 - 1.1.1 Notes the overall progress in establishing the proposed Forth Green Freeport (FGF), with operational commencement expected in spring 2024;
 - 1.1.2 Notes the forthcoming request for Elected Member representation on the FGF Governance Board;
 - 1.1.3 Agrees to support the submission of the Outline Business Case (OBC) based on the parameters set out in this report and the Executive Summary (Appendix 1), subject to the full OBC being circulated to all Committee members prior to submission to ensure compliance with the terms of this report; and
 - 1.1.4 Notes that a summary of the Full Business Case is planned to be presented to Committee in early 2024.

Paul Lawrence

Executive Director of Place

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EDINBURGH
THE CITY OF EDINBURGH COUNCIL

Forth Green Freeport – Outline Business Case

2. Executive Summary

- 2.1 This report provides an update on progress in relation to the establishment of the Forth Green Freeport and summarises the Outline Business Case for agreement by Committee prior to submission to the United Kingdom (UK) and Scottish Governments.

3. Background

- 3.1 The [Scottish Green Freeport prospectus](#) was published on 25 March 2022, confirming the UK and Scottish Governments' intention to establish two Green Freeports in Scotland and stipulating that these should contribute to four key policy objectives:
- 3.1.1 Promoting regeneration and high-quality job creation (the lead policy objective);
 - 3.1.2 Promoting decarbonisation and a just transition to a net zero economy;
 - 3.1.3 Establishing hubs for global trade and investment; and
 - 3.1.4 Fostering an innovative environment.
- 3.2 Following the Council's agreement to support a bid for a Forth Green Freeport (FGF) on [15 December 2022](#), the UK and Scottish Governments announced jointly, on 13 January 2023, that the FGF had been shortlisted as one of the two Green Freeports in Scotland, the other being the Inverness and Cromarty Firth Green Freeport.
- 3.3 Both freeports are now required to submit an Outline Business Case (OBC) and a Full Business Case (FBC) to the UK and Scottish Governments, prior to full designation as Green Freeports.
- 3.4 The Council agreed in their meeting on 15 December 2022 that summary reports of the OBC and FBC would be submitted to Policy and Sustainability Committee for approval, prior to submission to the UK and Scottish Governments.

- 3.5 Updates have been provided to the cross party elected member sounding board and requests for information on specific aspects have been responded to. This report provides a formal update on progress in relation to the establishment of the FGF.

4. Main report

- 4.1 The OBC is following the HM Treasury Green Book five case method / model, the five cases being Strategic, Economic, Management, Financial and Commercial. An Executive Summary of the OBC can be found in Appendix 1.
- 4.2 The OBC does not significantly deviate from the initial bid proposal previously reported to Elected Members and has been updated through stakeholder briefing sessions.
- 4.3 One key difference is that the former tax site of Leith and customs site of Burntisland have now been combined into one 'Mid-Forth' tax site. This is to better utilise the whole area in developing the renewables hub, particularly with regard to developing floating wind-farm capability.
- 4.4 KPMG, who have been appointed to analyse data for the Economic and Financial Cases, have indicated that, for both cases, there is little difference between the OBC assessment and the initial bid assumptions, except the investment figure projection is now £8.4bn gross added GVA (which is slightly higher than previously expected). Employment forecasts remain in line with the bid proposal with an anticipated 11,143 direct gross jobs being created in the three tax sites, 4,735 of these estimated to be from operations in the Mid-Forth tax site.
- 4.5 These jobs will be of good quality, well-paying, and will support a Just Transition. Analysis of the direct jobs that will be created shows that the wages are likely to be significantly higher than the median wage of each authority area. For Edinburgh, this is estimated at 7% higher.

Governance

- 4.6 Five workstreams have been established, to progress key topics feeding into the OBC:
- 4.6.1 Trade and Investment;
 - 4.6.2 Infrastructure, Communities and Placemaking;
 - 4.6.3 Innovation;
 - 4.6.4 Fair Work and Skills; and
 - 4.6.5 Promoting Decarbonisation and Net Zero.
- 4.7 In addition, a sixth workstream was formed, to focus on communication and engagement.

- 4.8 Each workstream reports into a Steering Group, which in turn reports to an Interim Governance Board, with senior representation from all consortia partners. The Interim Governance Board is chaired on a temporary basis by Charles Hammond, Chief Executive Officer (CEO) of Forth Ports, and recruitment is ongoing for a permanent Chair. Once in place, the Interim Board will move into its permanent state (the FGF Board) with invitations issued to the three Local Authorities, the four largest landowners and to the Accountable Body to nominate a Board Member each.
- 4.9 At the same time, the workstreams will move into their permanent state as sub-committees of the FGF Board. There will be an opportunity for the sub-boards to be represented on the full FGF Board and, in recognition of the importance of the 'effective voice' element of the Fair Work First principles, a Trade Union/employee representative will be invited to join the FGF Board.
- 4.10 Concurrently, an Operating Company (OpCo) will be established to run the day-to-day management of the FGF, and any activities delegated to it by the FGF Board. The sub-boards will be supporting the CEO/Managing Director of the OpCo in providing specialist oversight and advice in the day to day running and management of FGF activities.

Investment Principles

- 4.11 As a new global hub for trade and investment, it is estimated that the FGF will leverage over £8bn of public and private investment over a 10-year period, with planned activities aligned with regional, Scottish Government and UK Government policies.
- 4.12 All investors in the FGF Tax Sites will be assessed for suitability against a set of Investment Principles and will be required to demonstrate how their activities align with the strategic objectives of the FGF, as well as the two Governments' official Green Freeport objectives and the wider economic development and place-making policies and strategies set out by the three Local Authorities (Falkirk, Fife and the City of Edinburgh). Alignment with the Investment Principles will include:
- 4.12.1 Investors being obligated to confirm that they have decarbonisation plans in place and will be required to sign up to the FGF Fair Work Charter (an earlier draft of which was presented to Housing, Homelessness and Fair Work Committee on [8 August 2023](#)). Employers will be required to continuously uphold the values of the Charter and to perform annual self-assessments against the Charter to ensure continuous compliance;
- 4.12.2 Establishment of a dedicated skills fund¹ to ensure that local people can gain the necessary skills to access jobs created – this will be established via employer contributions but will be open for match funding from Local

¹ The detailed Skills Plan and detail around the Skills Fund and its utilisation will be developed as part of the FBC

Authorities, who could opt to invest some of the retained Non-Domestic Rates (NDR) in this; and

4.12.3 In addition to investors undertaking these obligations and being required to show adherence with the strategic objectives, they will need to be operating within one of the priority sectors² for the FGF; show additionality in terms of net new jobs, investment and accelerated growth; and meet at least one additional key criteria (such as being directly engaged in international trade (where proximity to a port and maritime connectivity is essential) or facilitating international trade through their wider supply chain, creating additional or enhanced supply chain opportunities or supporting decarbonisation, the development of renewable energy sources and infrastructure).

4.13 One of the key areas of responsibility for the FGF Board will be to oversee investors' agreements and continued compliance with the agreed Investment Principles. Agreement of potential investors must be a unanimous decision by the whole FGF Board. Furthermore, ongoing reviews of investors are undertaken and if there is an indication that an existing investor is not compliant with the Investment Principles, any FGF Board member can request that an investigation into the investor is undertaken.

4.14 Disclosure provisions in the tenant undertakings and any land sale agreements would obligate the investor to annually make known to the tax site landowner any reliefs they have claimed. If an investor is found to be in breach of their undertakings under the Investment Principles, a sum equivalent to the reliefs granted will require to be paid by the investor, or alternative arrangements implemented, between the tax site landowner and the investor to deliver compensatory benefits for the communities of the FGF.

4.15 In addition, Local Authorities will always have the ability to withhold NDR relief, should they deem an investor as non-compliant with the requirements of the relief scheme.

Non-Domestic Rates

4.16 In the Green Freeport prospectus, it was confirmed that Local Authorities will retain all uplift in NDR, above an agreed baseline, for a period of 25 years. The expectation is that this will pay for capital infrastructure in each Local Authority's travel-to-work area and be in line with the Green Freeport objectives, ultimately leading to economic growth.

4.17 A proportion of the retained NDR will be required to meet the running costs incurred by the Accountable Body (Falkirk Council) and operational costs of the OpCo. These costs are currently estimated to be in the region of £800,000 p.a.. Each

² Priority sectors being manufacturing and processing, logistics and warehousing, shipbuilding and repair, chemicals, biofuels and alternative fuels, innovation activities including research and development, creative industries, construction.

Local Authority will contribute 1/3 of the total cost (currently estimated to be £80,000 per Local Authority), with the landowners of the tax sites contributing 2/3.

- 4.18 It is also proposed that the Council utilises some of the retained NDR to establish a “Place Based Economic Investment Fund”. This would be used to create community benefits in the form of infrastructure investment. A framework to govern this will be developed and shared with Committee following approval of the final business case.
- 4.19 The FGF Board may make proposals and recommendations for the use of any remaining retained NDR, but it is recognised that this is for each Local Authority to ultimately determine the best use of any NDR uplift in their area.

Planning

- 4.20 One of the levers that can be utilised as part of the wider Green Freeport policy is the use of an enhanced planning protocol. Planning remains a statutory responsibility of the relevant Local Authority and there is no ability for FGF to circumvent the powers and duties of the respective planning authorities, nor their existing processes.
- 4.21 It is not proposed to pursue the Simplified Planning Zones and processing agreements, Masterplan Consent Areas or other mechanisms set out in the Green Freeport Prospectus. However, Green Freeport status will support the preparation of a collaboration framework, under which all agencies involved can work together to ensure effective coordination of planning and regulatory regimes in the context of developments within the FGF.

Customs

- 4.22 Green Freeport unique customs benefits and special procedures have been [outlined by HMRC](#). This confers the ability for authorised businesses within customs sites to defer payment of duties on goods imported for storage and/or processing until the goods are then declared for home use in the UK, at which time they will have the choice to pay duties on the imported goods either before or after processing. Authorised businesses may also be able to take advantage of measures such as customs duty exemption on goods imported and then re-exported from a customs site and suspension of import VAT on goods entering the customs site.
- 4.23 The use of Green Freeport customs special procedures is available to new or existing businesses within the FGF outer boundary, and it is particularly expected to support Small and Medium sized Enterprises (SMEs) who have not previously had the resource or expertise to utilise customs special procedures.
- 4.24 This will boost sustainable international trade from existing clusters, building upon where outer boundary partners have existing strengths serving the domestic market, parlaying these into exports by using Green Freeport customs benefits to make it easier and cheaper for them to export.

5. Next Steps

- 5.1 The finalised OBC will be circulated to Committee Members as soon as possible and if there is any variance from what is set out in this report, it will be highlighted.
- 5.2 Following this, and if Committee agree the recommendations of this report, the OBC will be submitted to the UK and Scottish Governments in mid-November 2023.
- 5.3 Officers will continue to work with the FGF partners on the FBC, with an aim to submit a summary to Committee in early 2024 and to the UK and Scottish Governments for approval shortly thereafter.
- 5.4 It is currently expected that the proposed FGF will become operational in spring 2024.
- 5.5 Once the FGF is operational, it is recommended that an annual report is submitted to Governance, Risk and Best Value Committee, outlining the activities undertaken, the investors who have established themselves within the area. The report will also include an officer assessment of the efficiency and efficacy of the operation.

6. Financial impact

- 6.1 As part of the financial case for the OBC, calculations have been made of the likely levels of retained NDR and when these may transpire. It is estimated that, over the 25 years, the Council may see up to £197m in retained rates, with the initial income starting at approximately £200,000 in the financial year 2025/26 and steadily increasing, before plateauing at approximately £27m p.a. in 2031/32.
- 6.2 It is important to note that these are forecasts and that actual income will depend on a number of variables outwith the Council's control (for example the poundage, voids, valuations, and statutory relief).
- 6.3 As noted in paragraphs 4.17 and 4.18, a proportion of the NDR revenue retained will be required to meet the Council's commitments in respect of FGF. This includes the Council's share of the running costs for the Accountable Body and OpCo. The current outlined FGF budget³ indicates that the Council will be requested to pay £80,000 p.a. over at least 10 years, starting in 2024/25. The Council will also be requested to utilise some of the retained NDR to create a Place Based Economic Investment Fund. This is expected to be in place from financial year 2027/28.
- 6.4 The remainder of the retained NDR is for the Council to determine how to invest, with the proviso that it must be within the wider travel-to-work area and it must be in line with the Green Freeport objectives, as set out by the UK and Scottish Governments.

³ A final budget will be developed as part of the FBC and will require to be agreed on by the FGF Board.
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- 6.5 The Scottish Government have confirmed that the retained NDR is in addition to the General Revenue Grant and is not subject to the standard rates pooling arrangements.
- 6.6 There will be a financial contribution of £57,500 to the Council in 2023/24, from the FGF Resource funding, towards officer time working on the development of the OBC and FBC.

7. Equality and Poverty Impact

- 7.1 FGF sites are located in areas of persistent economic deprivation. The rich manufacturing and engineering past of the proposed tax sites played a large role in the industrial development of Scotland, however; post-war de-industrialisation triggered a loss of historic industries resulting in multi-generational unemployment within these communities. The FGF aims to deliver lasting regeneration to the deprived areas around the designated tax and customs sites by creating jobs, the majority of which will be high skilled, high paid jobs in Scotland and the rest of the UK.
- 7.2 FGF will prioritise the inclusion of protected groups in contributing to, and benefiting from, the investments secured by Green Freeport levers. Industries targeted for investment in Scotland's Green Freeport policy have historically had relatively lower rates of representation of people with protected characteristics. Without action, the direct jobs created by Green Freeport levers would likely create disproportionately more jobs for male employees (77%) and create disproportionately fewer jobs for young people (8%), and people with disabilities (12%).
- 7.3 Proactive efforts from the FGF to correct this imbalance will include:
- 7.3.1 Age - Skills investment will be accessible to people of all working age groups. Young people will benefit from partners' commitments to schools' outreach, apprenticeships, scholarships, and bursaries. Older populations will benefit from in-work up-skilling investments in virtual reality (VR) and simulation technology.
 - 7.3.2 Disability - Inclusive hiring practices, together with access to funding for skills bursaries will encourage open access to employment for people with disabilities.
 - 7.3.3 Gender – Targeted access to funding for skills bursaries and training opportunities for women.
- 7.4 The FGF Board will set quantitative 'Social Impact Key Performance Indicators', to track impacts against the protected characteristics. Adoption of a clear inclusive hiring policy for all businesses operating in the FGF will expand opportunities, enhance quality of work and reduce stigma in the communities around the Forth Estuary.

- 7.5 In developing the OBC, partners have been aware of concerns of displacement of jobs from other areas, opportunities for local job seekers, benefits for communities and social impact. The FGF will have a wide range of measures including effective governance and public sector scrutiny to ensure positivity on such matters.

8. Climate and Nature Emergency Implications

- 8.1 The FGF provides a significant opportunity to advance and accelerate the transition to Net Zero whilst supporting a Just Transition in the designated FGF Tax and Customs sites. It closely aligns with the aims of the Edinburgh and South-East Scotland (ESES) City Region Deal and ESES Regional Prosperity Framework as well as other national investment programmes. Working closely with neighbouring authorities in Falkirk and Fife as well as key industrial partners, the FGF partners can take steps to preserve an industrial base in Scotland which is focused on bringing forward high-quality jobs, economic growth and greater emphasis on Net Zero technologies that will meet the challenges of the climate emergency.
- 8.2 Carbon intensive productions are on the decline. Replacing and transforming these industries offers the opportunity to ensure that the existing industrial complexes along the Forth Estuary remain viable and that there are high paid jobs, and skills development and training opportunities available for local people. The FGF provides some of the tools to incentivise industries to embrace this transformation and will advance the city's capabilities to bring forward investment in the renewables sector and advance Scotland's journey towards Net Zero by 2045 whilst supporting a Just Transition.
- 8.3 The FGF proposals will support the reduction of carbon emissions in the local areas, including the creation of renewable energy capabilities at Leith, Rosyth, and Burntisland, with significant expressions of interest in offshore wind manufacturing on these sites already.
- 8.4 All investors must produce a decarbonisation plan, showing a path to Net Zero by at least 2045, and any projects brought forward will be required to report on carbon savings over the lifetime of the project, completing a carbon whole lifecycle assessment.
- 8.5 As a significant proportion of tax site activities will be related to renewable energy supply chain manufacturing, it is important that the FGF upholds principles of the circular economy framework for offshore wind. The FGF looks to continuously monitor progress and implement steps towards a more advanced circular economy system across all manufacturing hubs as innovation develops.
- 8.6 The FGF will seek to develop a Circular Economy Strategy and assess opportunities to implement circular economy principles. This strategy will seek to embed the following goals outlined in the [United Nations Sustainable Development Goal 12](#) as a benchmark:

- 8.6.1 By 2030, achieve the sustainable management and efficient use of natural resources.
- 8.6.2 By 2030, reduce waste generation through prevention, reduction, recycling, and reuse.
- 8.6.3 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle
- 8.6.4 Promote public procurement practices that are sustainable, in accordance with national policies and priorities
- 8.7 By implementing a strategy that aligns with these objectives at Grangemouth, Leith, Rosyth, and Burntisland, FGFP will adopt a holistic life-cycle approach to minimise waste and optimise resource efficiency.
- 8.8 In addition to the above, a key area of focus will be on the creation of a Place Based Economic Investment Fund, enabling investment in local communities in the FGF areas, supporting climate justice and improving town centres and local areas for residents, supporting efforts to tackle both climate and nature emergencies.
- 8.9 Whilst the FGF Board is ultimately responsible as part of monitoring compliance with the Investment Principles, the FGF Innovation and Net Zero sub-committee will have oversight in ensuring climate mitigation and adaptation is embedded into the delivery plans, ensuring both climate and nature emergencies are key factors in decision-making and governance arrangements.
- 8.10 The FGF represents an opportunity to support communities and deliver climate adapted sites, supporting future resilience to those most likely to be susceptible to the impacts of climate change.

9. Risk, policy, compliance, governance and community impact

- 9.1 The following table is a summary of initial risks that have been identified for the FGF generally. These are incorporated in more detail within the OBC and will be rigorously evaluated as part of the FBC process.

Risk	Profile	Mitigation
There is a risk that jobs created will be low wage jobs such as warehousing	Low	The Fair Work and Skills sub-committee will engage with employers to ensure that the jobs created will both be high quality and available to local people. The Investment Principles set out conditionality that any investor looking to receive tax incentives must commit to the Fair Work Charter and the and equalities principles therein. In addition, there will be a skills fund created to support upskilling and new entrants, which all investors must contribute to.
There is a risk there will be	Medium	In setting out the activities and industry requirements for the FGF there is a focus on industries in transition that need a

displacement of industry from other areas of the UK		particular set of circumstances to bring forward the technological advancements to take the country towards Net Zero. The range of private sector partners and interested investors include companies that are looking to work with the Chemical Industries to develop new energy sources and decrease dependency on carbon intensive energy, companies that are looking to develop offshore wind that need the deep water of the Forth and the onshore land availability to create and transport large structures. It is unlikely that these companies or industries would find these specific conditions outside the FGF area.
There is a risk that local residents will be impacted by the increase in activity around the Port and will lose green space	Medium	The Tax Areas are wholly enclosed by the current port and industrial complex, which means that no green space will be used in its development. The FGF aims to positively impact on the communities adjacent to the ports, by bringing forward lower carbon manufacturing processes, local jobs and funds for infrastructure improvements. The FGF Board will have Council as well as private sector representation to ensure that community interests are upheld.
There is a risk that climate mitigation and adaptation measures fail to be fully embedded in FGF activities.	Low	Governance structures will enable and ensure the climate and nature emergencies are a key consideration when developing any proposals

9.2 In addition to general risks, such as those outlined above, it is acknowledged that there are some public concerns that Green Freeports can have a number of undesirable consequences, such as national security, criminal activities and employment / work practices. Rigorous safeguards have been put in place across the wider partnership to mitigate any such concerns and the governance arrangements and transparency of operations, with three local authorities, UK and Scottish Government and highly reputable and established private sector partners involved, means there is a commitment and an in-built wide range of mechanisms to ensure these undesirable aspects do not materialise.

10. Background reading/external references

10.1 [Green Freeports in Scotland: Bidding Prospectus \(delivered in partnership by the Scottish Government and the UK Government\)](#)

- 10.2 [“Green/Freeport bid for Edinburgh and South East Scotland”](#) – report to the Edinburgh and South East Scotland City Region Deal Joint Committee (24 June 2022)
- 10.3 [“Forth Green Freeport”](#) – report to the Policy and Sustainability Committee (17 November 2022)
- 10.4 [“Forth Green Freeport”](#) – report to City of Edinburgh Council (15 December 2022)
- 10.5 [“Fair Work, Gig Economy and Living Hours City – progress update”](#) – report to Housing, Homelessness and Fair Work Committee (8 August 2023)

11. Appendices

- 11.1 Appendix 1: Forth Green Freeport Outline Business Case summary



Executive Summary

Introduction

The Forth Green Freeport (FGF) was shortlisted by the Scottish and UK Governments on 13th January 2023, following a competitive bid process to identify potential Green Freeports in Scotland. A consortium of private and public sector partners is now working alongside both Governments to develop the Outline Business Case (OBC) and Full Business Case (FBC). At the same time, the consortium is establishing its governance arrangements and as part of this process is recruiting an independent Chair of the FGF Board. This Executive Summary is for the benefit of key stakeholders, to inform them of the contents of the OBC to be submitted for consideration and endorsement by the UK and Scottish Governments by the 17th of November 2023. The FGF tax sites will become designated on the approval of the OBC this will be followed by the FBC which on approval will unlock the availability of the seed funding.

Why Forth Green Freeport?

The FGF consortium partners are Forth Ports, INEOS, Babcock International, Scarborough Muir Group, CalaChem, the Ministry of Defence, Edinburgh Airport, Falkirk Council, City of Edinburgh Council and Fife Council.

The consortium's vision for the FGF highlights the critical importance of reducing industrial carbon emissions in the Forth estuary. Using Green Freeport status, it will support the right investments into the estuary to address the 2045 net zero target whilst contributing to the economy of Scotland. The positive ambition is to deliver a just transition for Scotland's industrial heartland, through a green reindustrialised future. The Forth corridor is already a physical asset – one of scale and with businesses of international acclaim and is a corridor that can influence and lead – through sustainable reindustrialisation and transformational growth. The FGF brings forward 552 hectares of industrial land that will be developed to provide the necessary infrastructure to attract investment.

Green Freeport status attracts a range of tax and customs incentives, access to other levers, such as planning support, marketing and promotion support, collaboration with government

agencies, access to up to £25m of seed funding, and locally retained non-domestic rates for reinvestment. The toolkit of levers is on offer to Green Freeports to create a more attractive ecosystem for future inward investment and trade opportunities, thus encouraging new or additional industrial activity to the identified tax sites at Grangemouth, Rosyth, Mid-Forth (Leith to Burntisland) and the proposed market led customs site at Edinburgh Airport.

The FGF aims to attract investment and economic growth in key sectors including green technologies, renewable energy and alternative fuels, low carbon logistics, and advanced manufacturing. This will make a significant contribution to the re-industrialisation of Scotland. An economic impact assessment, prepared by KPMG, has projected that the FGF will drive up to £6bn of private and public investment over a 10-year period, delivering gross value added of estimated £4.2bn and creating up to 50,000 jobs (gross).

The FGF is the right public intervention, given the geography of the Forth Estuary and the partners involved. It is poised to deliver sustainable inclusive growth across Central Scotland and beyond. The Forth estuary is uniquely placed to drive Scotland's decarbonisation aided by our globally recognised business base and our ability to harness the Edinburgh and South-East Scotland City Deal economic investment commitments alongside those of the Falkirk Growth Deal.

Governance

The OBC has been developed by a Steering Group, overseeing six working groups all leading on specific topics, including Infrastructure, Placemaking and Communities; Fair Work and Skills; Innovation; Net Zero; Trade and Investment; and Communications and Engagement.

An Interim Governance Board is in place to scrutinise and provide leadership during this interim set up phase.

Moving forward, the Steering Group will be disbanded and replaced by an operating company and a full Forth Green Freeport Board (FGFB) will be established, comprising up to nine members. FGFB Members are drawn from public and private partners and will be led by an independent Chair. To enable delivery, the FGFB will establish a range of sub-committees with a broader membership to guide and coordinate activity against distinct topics. The FGFB, once established, will discuss additional representation and invite other suitable members to the Board e.g., a Trade Union or other worker representative, as well as other key people from the sub-committees.

Proposed membership of the FGFB is as follows:

- One seat for an independent voting Chair
- Four seats for the largest tax site landowners: Forth Ports, INEOS, Scarborough Muir Group, Babcock International
- Three seats for local government representatives: Falkirk Council, Fife Council, City of Edinburgh Council
- One seat for the Accountable Body (Falkirk Council). This is in addition to the seat for the local government representative.

The sub-committees will be:

- Infrastructure, Placemaking and Communities
- Fair Work and Skills
- Innovation and Net Zero
- Trade and Investment
- Communications and Engagement

The roles and responsibilities of the FGFB and its sub-committees will include:

- Strategic Leadership
- Investment promotion and marketing
- Overseeing delivery, including implementing policy levers
- Risk management
- Foster innovation
- Monitoring & Evaluation and reporting to UK and Scottish Governments
- Promoting, setting, and monitoring security standards
- Promoting and monitoring compliance with environmental standards
- Promotion of skills and Fair Work

All FGFB Members will undertake an induction and governance training and will be required to adhere to the seven principles of public life – the ‘Nolan Principles’ in addition to the Ethical Standards in Public Life etc. (Scotland) Act 2000 and the UK Corporate Governance Code (2014). In practice, the Scottish Government publication ‘On Board’² published 2017 will be a guiding handbook against which specific FGF approaches will be developed.

The FGF is committed to promoting and celebrating diversity and inclusivity, and has produced a Diversity & Inclusivity Statement, complying with the public sector duties and will operate in line with the Equality Act 2010.

The FGFB will set up a company that can employ staff and enter contracts on behalf of the FGF. A core team of four full time staff, including a Chief Executive/Managing Director, will be recruited, who will be responsible for the day-to-day operations of the Green Freeport.

Falkirk Council - the Accountable Body

Falkirk Council is accountable for the management of the FGF public funds and responsible for any liabilities incurred in the use of these, some of which may be transferred to lead partners via partnership agreements. Whilst not confirmed at this stage, it is likely that as Accountable Body the Council will require to provide periodic monitoring and evaluation reports to the UK and Scottish Governments and provide support on a wide range of activities including those associated with the sub-committees.

Falkirk Council hosts a Programme Management Office (PMO) to manage these arrangements, with the Director of Place, Chief Governance Officer and Chief Finance Officer overseeing its duties.

Workstream - Trade and Investment

As a new global hub for trade and investment, it is estimated that the FGF will leverage over £6bn of public and private investment over a 10-year period, with planned activities aligned with regional, Scottish Government and UK Government policies.

FGF has developed a targeted trade and investment strategy focussed on developing an ecosystem to be at the forefront of building clusters in emerging clean industries. These include offshore wind, alternative fuels and carbon capture, and innovative chemicals. FGF will accelerate its expertise in shipbuilding and capitalise on the existing collaboration between industry and academia, delivering progress in advanced and modular energy component manufacturing and automation.

Major investments in new industries will attract Small and Medium sized Enterprise (SME) activity at zoned areas within FGF sites as well as the outer boundary. New investments will stimulate growth in trade, where plans for additional logistics and trade capacity is critical to ensure enough supply and the right infrastructure is in place to deliver the increased activity in existing and new industries.

The tax sites, customs sites, and seed capital projects complement one and other. Anchored by major companies and organisations along the Forth estuary, such as INEOS, Babcock International and Forth Ports, they complement the availability of under-developed land and fiscal benefits for investors. The benefits of clustering and collocation will help attract and accelerate investment and economic growth. These anchor institutions will create opportunities for synergies and collaboration for the market, particularly in the Green Energy sectors. They will create an industrial ecosystem and cluster by attracting different suppliers and service providers with secondary and tertiary supply chains. This will create new and added value for the FGF hinterland (outer boundary) areas which include North Edinburgh, Forth Valley, Mid-Fife and other parts of east central Scotland. In addition, the tax site of Mid-Forth uniquely includes space for Creative Industries linked to film and TV Industries to expand.

The travel to work area includes access to a large skilled labour pool and several internationally recognised universities, in addition to a strong regional network of further education providers. The strategic location along the Forth uniquely positions the FGF to be a central hub of net zero manufacturing capability along the UK's East coast with proximity to maritime installation sites on the East coast, and strategic links to other sites including Net Zero-focused Freeports in Teesside and the Humber, and links to Dundee and Aberdeen.

The Forth estuary is also home to UNESCO World Heritage Sites (within Edinburgh and the Forth Bridges), in addition to being a prospective multi-modal corridor, offering the opportunity for inter movement through increased export routes to Europe and beyond, and intra movement across Central Scotland and England.

By utilising the Green Freeport support available, FGF will deliver credible investors for large underdeveloped industrial sites at pace, with a natural focus on new investment in sectors with strong trade potential. The tax benefits available to investors at Grangemouth, Rosyth,

and Mid-Forth (Leith and Burntisland) tax sites, totalling 552 hectares, will be critical in securing additional inward investment.

Tax relief often influences international companies' decision-making by reducing costs, improving cash flows, and mitigating risk. These commitments from the UK and Scottish Governments will signal a supportive business environment and continued public sector support to promote economic growth. The Economic Case outlines that tax benefits are typically worth over 10% of a typical FGF private capital investment representing a significant determinant of investment viability, if applied.

The use of Green Freeport customs special procedures is available to new or existing businesses within the FGF outer boundary and it is expected to support, in particular, SMEs who have not previously had the resource or expertise to utilise customs special procedures historically. This will boost sustainable international trade from existing clusters, building upon where outer boundary partners have existing strengths serving the domestic market, parlaying these into exports, by using Green Freeport customs benefits to make it easier and cheaper for them to export.

Investors in the Green Freeport tax sites will be assessed for suitability against a set of Investment Principles. Within the Investment Principles, a process and accompanying guidance is set out to support landowners, local authorities, the FGF Company and FGFB to make an assessment to ensure that all future businesses looking to locate in one of the tax sites are aligned to the strategic objectives of the FGF. It will also ensure adherence to the two Governments' official Green Freeport objectives, such as the need for fair work and just transition and reassure investors that, if compliant, they will be able to access the relevant tax benefits. The FGF Chief Executive/Managing Director will have delegated authority from the FGFB and be responsible for confirming the outcome of such assessments and will inform the FGFB, Accountable Body and relevant Local Authority during the various stages of the assessment process. The FGFB will be ultimately responsible for holding landowners to account in terms of delivery of the proposed Green Freeport plans.

Existing/new parties located in the outer boundary or new investors to FGF who are interested in using Green Freeport customs special procedures and becoming a customs site operator (CSO) will also be required to adhere to a FGF CSO policy and work with HMRC to ensure the required security measures and accreditations are in place before they can access the Green Freeport customs benefits.

The influence of these tax and customs benefits available to potential investors will be reinforced by the trade and investment support provided as part of the Green Freeport. Effective marketing campaigns and a cohesive brand will raise awareness around the Forth's unique value proposition, including our skilled workforce, engineering expertise, and strategic location in the heart of Scotland.

The lead generation strategy will include detailed targeting and identification of target businesses/sectors; value proposition and collateral development (e.g., promotional website, pitchbooks); active lead generation (e.g., events/engagement activities); onboarding; and aftercare.

FGF will work closely with local authority, Scottish Development International (SDI) and Department for Business and Trade (DBT) partners and other organisations involved with trade and investment, such as Chambers of Commerce. This will ensure the most efficient use of resource and a collaborative approach to promotional activities and enquiry handling.

A trade and investment manager will oversee FGF trade and investment activity. The Trade and Investment Strategy, which has been coproduced by landowners and local authorities' economic development teams, is intended to compliment and not duplicate the mechanisms already in place by other public and private sector partners. Landowners retain the right to handle the commercial negotiations with an investor but will be supported through the onboarding process by partners as appropriate.

Ongoing engagement with trade and investment stakeholders will be formally undertaken through the trade and investment sub-committee.

Green Freeport status is already attracting significant expressions of interest from investors, including for sites which have been vacant and actively marketed for more than 10 years. Without the activities of the Green Freeport, these sites will struggle to compete with other areas worldwide that offer more attractive incentives and better promote their unique selling points. The FGF landowners are also managing proactive enquiries from businesses looking to set up as a CSO.

Planning

Planning lies within the statutory responsibilities of the local authority and the FGF does not look to circumvent the process and authority of the respective planning committees. However, there is a desire to work more collaboratively to promote better understanding and collaboration between all the partners involved, not only planning authorities but other regulatory bodies.

The planning authorities of City of Edinburgh Council, Falkirk Council and Fife Council are key consortium partners of FGF and existing good working relationships between the local authorities, landowners and developers are already supporting swift decision making. A dedicated regulatory and land use planning sub-group has been established, currently comprising private sector landowners and key local authority planning colleagues. The planning group are working closely together with the Scottish Government Depute Chief Planner (PARD) and colleagues including key agencies to put in place a framework which will support the consenting process for FGF development, including confirming shared objectives, discussing and developing future working protocols, scoping out issues and risks, and agreeing the way forward in terms of deploying the various tools and mechanisms which will promote streamlined land use and regulatory consenting.

Other regulatory regimes such as licensing and environmental health will also be subject to regular liaison to ensure compliance requirements are effectively implemented.

Early discussions have taken place with the (Key Agencies Group) KAG and the Scottish Environment Protection Agency (SEPA) Grangemouth Regulatory Hub, who have responded

positively, and work is in hand to identify those consultees who will have the most critical role in advising on planning and other consenting matters. It is intended that the FGF key consultees group will:

- Be partners to any protocol which is developed around consenting and be involved in ongoing monitoring of the effectiveness of the protocol.
- Assist in scoping out, highlighting and prioritising key strategic and site level issues/constraints/risks (potentially through a joint scoping workshop) as they arise and work together to share solutions.
- Contribute to information sharing.
- Highlight infrastructure dependencies, and where appropriate, potential synergies in consenting across FGF sites.

Security and Illicit Activity

The FGP commits that the FGFB will honour the obligations set out in the OECD Code of Conduct for Clean Free Trade Zones and the UK's Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and will ensure this commitment extends to FGF CSOs through relevant contractual arrangements.

A Security Working Group (SWG) will include security managers of the relevant FGF sites and relevant stakeholders, including enforcement bodies (e.g. Police Scotland, HMRC, Border Force, Department for Transport, etc.). Market surveillance bodies (e.g. Trading Standards, Environmental Health) and others will be invited as required.

Individual CSOs and businesses locating within tax sites will remain responsible for implementing security arrangements and liable for any breaches. Every FGF business will have a reporting mechanism into the SWG, and they are expected to report any significant security breaches and illicit activity.

The SWG will conduct an annual review of FGF CSOs to ensure the certification remains valid and up to date.

Workstream - Infrastructure Communities and Placemaking

Development Proposals using Seed Capital

The FGF tax sites have undeveloped land which have hosted heavy industry in the past, such as petrochemicals, wharfage, and shipbuilding. In addition, some of the identified tax sites are constrained by inconsistent or insufficient utility services, including inconsistent grid network capacity to accommodate future inward investment requirements, limited access to sustainable freight transport connectivity options and existing digital connectivity that is unable to accommodate future expected technological requirements such as the area wide need for 5G.

To resolve constraints like these, the UK Government is making up to £25m of Seed Capital available, which the private sector partners have matched with up to £31m, representing an immediate investment in the region of £56m.

In developing these initial investment proposals, consideration has been given to economic public policy objectives as set out by the three FGF local authority partners and the FGF vision. Prioritisation of seed funding projects recognises the role of the Edinburgh and South-East Scotland City Deal and the Falkirk Growth Deal, ensuring close alignment with economic development objectives and proposed place-based regeneration activity.

Seed capital projects have been prioritised by a working group led by the three local authorities, and with a list of guiding principles with proposals grouped and assessed as follows:

- Enabling Transition to Net Zero
- Regional Infrastructure
- Building Resilient and Sustainable Places
- Driving Sustainable Economic Growth
- Locational Benefits or Site-Specific Need

Assessment and prioritisation was undertaken on this basis and in line with application of the Scottish Government Investment Hierarchy approach. Ten seed capital projects have been identified in the OBC as priority for investment:

- Land preparation at Port of Leith to unlock 30 acres of land for renewable energy technology manufacturing facility specialising in offshore wind.
- Rosyth Integrated Energy System – to deliver a decarbonised estate at the Rosyth Dockyard and the surrounding investable land using a combination of renewable technologies.
- Port of Grangemouth utility capacity – to provide upgrades to utility capacity enabling expansion of the dock side services and improve investment potential.
- Grangemouth low carbon hydrogen production land preparation to enable significant switch to hydrogen production and decarbonise on site energy needs.
- Rosyth Arrol Gibb Innovation Campus (AGIC) Skills and Innovation Centre to improve and accelerate the re-skilling, upskilling and capability of local underemployed workforce to fill jobs created by Green Freeport and delivering an improved location for innovation clustering via innovation infrastructure development and wrap around support.
- Rosyth Dockyard railway restart – to enable more efficient rail movements into, around and from the Rosyth area by re-introducing a live railhead into Rosyth Dockyard to support freight logistics, reducing carbon footprint of the road network.
- Land remediation at South Bridge Street, Grangemouth – to deliver an investable site to meet demand for low carbon HGV refuelling and inward investment proposals close to the dock entrance.
- Land remediation at Wholeflats, Grangemouth – preparation of sites for a biotechnology and carbon utilisation centre in Grangemouth.
- South Shore Road - Grangemouth Road access improvements to Grangemouth Dock

- FGF wide utility constraints study – a Green Freeports wide constraints assessment to provide a data set of constraints for future development and to assist the phasing of Green Freeport programming.

Use of Retained Non-Domestic Rates

The three local authorities will benefit from retaining the uplifts in non-domestic rates (NDR) from new business attracted to the tax sites for a period of 25 years. This is additional to the NDR already being paid by businesses in the area covered by the FGF (which are not retained locally). The expectation from the UK and Scottish Governments, as set out in the Green Freeport Prospectus, is that this income from NDR will support new or enhanced economic capital infrastructure that leads to additional regional and local prosperity through economic growth.

A proportion of the retained NDR will be required for the running costs of the Accountable Body (Falkirk Council) and operational costs of the FGF Company, including staff who will conduct the day-to-day operational management of the FGF itself. The landowners of tax sites will also contribute to the costs through a contribution charge based on a flat rate applied on a hectare basis. It is estimated that the Accountable Body and Company costs will be in the region of £800K per annum.

It is further proposed that some of the retained NDR will be ringfenced to create community benefits in the form of infrastructure investment. The FGF Infrastructure, Communities and Placemaking group has developed a prospective model for deployment of such a fund which will include participation of port adjacent communities or those directly influenced by the new economic growth to occur. Currently, this is likely to be the communities of Grangemouth, Leith, Rosyth and Burntisland and will be facilitated using a Place Based Infrastructure Investment Framework approach. All new investment in community infrastructure and place-making will require to be linked to clear economic regeneration outcomes and shared economic prosperity objectives – these will be agreed in advance with representatives and stakeholders and overseen by respective Local Authorities and partners.

The balance of the retained NDR will be for each Local Authority to agree the use for – it has been confirmed that the money can be used for projects within the wider Travel to Work Area of the FGF. Projects will require to fit with the UK and Scottish Government's Green Freeport Objectives and can include things like transport infrastructure, town centre initiatives and investment in skills. They will be required to fit with local Council economic and infrastructure development goals and it is recognised that they will depend on the very differing needs of the Green Freeport localities. Led by Council Officers, the potential projects will be developed with partners represented on the FGF sub-committees and will be presented to each Council for consideration and approval.

Placemaking and Communities

The FGF bid (2022) recognised that the port adjacent communities of Grangemouth, Rosyth, Burntisland and North Edinburgh face stronger burdens from the proximity of industry and that levels of deprivation indicate that these communities do not always benefit in proportion to the wealth created in their locality. The FGF aims to redress this through a number of initiatives, including the detailed Fair Work and Skills Plan and by setting up a Place Based Economic Investment Fund. Specifically, as FGF levers increase investment in the area, the Fund would look to create community benefits directly from the wealth created in the form of infrastructure investment in town centres, transport networks and community spaces. A framework will be developed in conjunction with the FGFB, and other stakeholders including local authorities to govern this and apportion spend where economic outcomes and shared prosperity objectives are clear.

Workstream - Innovation

“Fostering an innovative environment” is integral to the delivery of all FGF objectives with the “Green Freeport” designation providing critical value in creating focus and investment.

Innovation focus will be *vertical* i.e., improvement of processes, services and products and *horizontal* i.e., the effective transfer of knowledge/technology (from innovation) from one sector to another.

FGF will focus on innovation within seven areas of focus:

- Advanced materials and manufacturing (inc. large scale manufacturing)
- Energy and environmental technologies
- Data driven and digital technologies
- Electronics, quantum, photonics
- Bioscience / bio economy
- Robotics, AI and smart systems
- Maritime technology

Building on existing innovation activity and assets, e.g. FASTBLADE project at Rosyth, INEOS and Petroineos at Grangemouth (who, as part of the Acorn project, plan to capture and store up to one million tonnes of CO₂ by 2027), planned FGF innovation infrastructure developments, e.g. AGIC, will act as an attractor to businesses who are innovators and applying innovation across their business.

FGF innovation projects will deliver a wide range of benefits for businesses within the FGF area through private and public sectors and academia research and development (R&D) investment. The innovative environment fostered from innovators collaborating in new ways and through providing physical and virtual spaces to develop and trial innovative ideas and technologies, will help accelerate commercialisation of R&D and spin out start-ups. In addition, the innovation developed and applied across the FGF territory will also have wider benefits e.g. creating new markets for technologies and UK products and services and the

productivity improvements this drives within our key sectors, through jobs, skills development and investment secured across the FGF area and beyond.

Workstream - Fair Work and Skills

The FGF will deliver lasting regeneration to the deprived areas around the designated tax and customs sites by creating up to 50,000 gross jobs locally and nationally, the majority of which will be high skilled, high paid jobs in comparison to Scotland and the rest of the UK.

The Investment Principles have been developed to ensure fiscal support goes to investors that will support Green Freeport objectives, including skills development and Fair Work First, and a FGF Fair Work Charter has been developed based on the principles of the Scottish Government's Fair Work First guidance and the Fair Work Convention.

Embedding Fair Work practices, prioritising the rights, wages, and working conditions of employees and fostering an environment of respect, equality, and collaboration within the FGF holds significant implications for both economic and societal well-being. Complying with the Fair Work Charter will therefore be a pre-requisite for all prospective investors to receive Green Freeport incentives.

Employers in the FGF will be required to commit to upholding the values of the Charter and to perform annual self-assessments against the Charter to ensure continuous compliance. In addition to this, in recognition of the importance of the 'effective voice' element there will be employee and/or Trade Union representatives on the FGF skills and fair work sub-committee.

It is also recognised that, in addition to the workforce development commitment that individual employers make, there is a wider workforce development opportunity across the FGF area and tax site operators will deploy a Skills Fund to nurture the skills for tomorrow, using our knowledge of today. As part of the FBC development, a detailed study is therefore taking place to assess the supply and demand side of the jobs which will be created in and around the FGF area – establishing when, where and what types of roles and skills will be required; allowing partners and education providers, including higher and further education, to put appropriate mechanisms in place to ensure demand can be met by relevant workforce training and development.

Commercial activity on FGF sites will generate additional revenues for investors, some of which will be required to be re-invested into supporting this development of the skills landscape. It is envisaged that up to £2.1m of the additional revenues will be invested in a Skills Fund over five years, with potential for it to be matched and/or enhanced with public sector funding and continued investment from the private sector over the longer term. The fund will provide direct support to institutions to deliver skills training for local workers, tailored to Green Freeport needs.

A comprehensive skills strategy and skills fund initiative will be developed at FBC stage to complement tax and customs site/s investment planning. Both will seek to support greater alignment of economic infrastructure with skills, the needs of the labour market and the wider spatial and social agendas.

Workstream – Promoting Decarbonisation and Net Zero

All investors in the FGF will be obliged to confirm that they have decarbonisation plans in place. The FGF is a major step in Scotland’s journey to net zero. Co-ordination by the landowners and Local Authority partners will promote decarbonisation by delivering a renewables manufacturing hub spanning across the Forth and by fuel-switching to decarbonise existing industry.

The tax and customs benefits at Mid-Forth will enable the site to be developed as a turbine marshalling and integration facility. This site could support the delivery of approximately one gigawatt (GW) of offshore wind every year. This represents a sizeable contribution to Scotland’s deployment targets at potentially half the expected run rate from the early 2030s. It will also enable improved cross Forth logistics and shipping movements or related marine activity supporting associated complimentary development and economic investment along the Fife Forth coast; particularly at Energy Park Fife Methil, Kirkcaldy harbour and Inverkeithing Bay. The Mid Fife supply chain is also expected to benefit with up to an estimated 600 companies (Fife Business Base 2022) having improved access to contract opportunities and the investment in labour market/s or workforce skills.

Seed capital investment will remediate the land necessary for a new blue hydrogen production plant in Grangemouth. The carbon capture and storage technology used in this production can be leveraged by Grangemouth’s industrial plants to reduce carbon emissions. The resulting hydrogen could also be used as a fuel for nearby industrial processes, including the INEOS refinery – Scotland’s single largest industrial emitter.

This twin-track approach to decarbonisation will lead to synergies between the Green Freeport investments. Co-locating offshore wind and hydrogen projects will allow infrastructure and resources to be shared, such as transportation networks, utilities, and our skilled workforce. It will also enhance the Forth’s reputation as a leader in clean energy and sustainability. This can attract more investment to the area, further supporting the growth of clean energy industries.

Conclusion

The FGF OBC has an estimated date for submission in mid-November 2023 and with the FBC following on into the Spring of 2024.

The strong partnership and shared vision will seek to deliver significant investment estimated at over £6bn gross value add in the area along with approximately 50,000 gross jobs locally and nationally. The FGF intends to have the highest level of integrity and transparency in its operation, and these will be enforced through robust Fair Work and Investment Principles alongside a firm commitment to Net Zero and to the communities adjacent to the FGF locations.