

# The City of Edinburgh Council

10.00am, Thursday, 14 December 2023

## Forth Green Freeport Governance Board Representative

Executive/routine  
Wards

All

### 1. Recommendations

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- 1.1 The City of Edinburgh Council is asked to appoint an Elected Member to represent the Council on the Forth Green Freeport Governance Board.

**Paul Lawrence**

Executive Director of Place

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## Forth Green Freeport Governance Board Representative

### 2. Executive Summary

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- 2.1 This report seeks approval to appoint an Elected Member to represent the City of Edinburgh Council on the Forth Green Freeport Governance Board.

### 3. Background

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- 3.1 On 15 December 2022, the Council [agreed](#) to support a Forth Green Freeport (FGF) bid. On 13 January 2023, the UK and Scottish Governments announced that the FGF had been shortlisted as one of the two Green Freeports in Scotland.
- 3.2 On 2 November 2023, the Council agreed to support the submission of the [Outline Business Case](#) for the FGF, noting that a request for Elected Member representation on the FGF Governance Board was expected.

### 4. Main report

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- 4.1 Through the development of the Outline Business Case for the FGF, an Interim Governance Board has been in place. The Council has been represented on the Interim Board by Paul Lawrence, Executive Director of Place
- 4.2 A permanent FGF Governance Board will be established on 15 December 2023 to form a company limited by guarantee and to provide strategic direction of the FGF. Members of the Board will also be directors of the company.
- 4.3 Dame Susan Rice (DBE) has been appointed as the Chair of the FGF Governance Board.
- 4.4 The Board will comprise up to 13 members, from both public and private partners of the FGF, including three Local Government representatives from the authorities included within the FGF – Falkirk Council, Fife Council and the City of Edinburgh Council.
- 4.5 The Council has been invited to nominate an Elected Member to represent the City of Edinburgh Council on the FGF Governance Board.

- 4.6 Council officers from each of the Local Authorities will act as observers to the Board. Paul Lawrence will represent the Council as officer observer to the Board.

## 5. Next Steps

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- 5.1 The first meeting of the FGF Governance Board is 15 December 2023. The Board will then meet every two months.
- 5.2 A summary of the Full Business Case for the FGF is expected to be submitted to Committee in early 2024, with a data room provided for members prior to Committee.
- 5.3 Operational commencement of the FGF is expected in spring 2024.

## 6. Financial impact

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- 6.1 There are no direct financial impacts arising from this report.
- 6.2 Details of the financial business case for the FGF Outline Business Case were included in the [report](#) to Policy and Sustainability Committee on 24 October 2023 (referred to the Council on 2 November 2023).

## 7. Equality and Poverty Impact

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- 7.1 There are no direct equality or poverty impacts arising from this report.
- 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 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.
- 7.3 One of the tasks for the FGF Governance Board is to set quantitative 'Social Impact Key Performance Indicators (KPIs)', to track impacts against the nine protected characteristics. These KPIs will, as agreed by the Council on 2 November 2023, be shared with Committee via a Business Bulletin update as soon as they are agreed, and the annual update report to Governance, Risk and Best Value Committee will also include performance measures against these.
- 7.4 Further details of the equality and poverty impacts were outlined in the report to Policy and Sustainability Committee on 24 October 2023.

## **8. Climate and Nature Emergency Implications**

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- 8.1 There are no direct climate or nature emergency implications arising from this report.
- 8.2 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.
- 8.3 The FGF Board will be ultimately responsible for monitoring compliance with the Investment Principles, which include Net Zero undertakings by any potential investors. They will be supported by a FGF Innovation and Net Zero sub-committee, which 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.
- 8.4 The climate and nature emergency implications identified in the Outline Business Case for the FGF were further detailed in the report to Policy and Sustainability Committee on 24 October 2023.

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

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- 9.1 As a partner in the consortium that developed the bid and as a Local Authority where one of the Tax Sites will be located, it is important that the City of Edinburgh is represented on the FGF Governance Board.
- 9.2 The initial risks identified with the FGF were outlined in the report to Policy and Sustainability Committee on 24 October 2023.

## **10. Background reading/external references**

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- 10.1 None.

## **11. Appendices**

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Appendix 1 – Forth Green Freeport Governance Board Terms of Reference



## Appendix 1 - Forth Green Freeport Governance Board Terms of Reference

### 1. Introduction

Following a competitive bidding process, the Scottish and UK Government jointly announced on 13 January 2023 that the Forth Green Freeport (FGF) had been selected as one of two new Green Freeports planned to be established in Scotland.

An interim governance structure and board has been in operation since the bid prospectus was published in early 2022. The new structure is a formalisation of the interim structure and builds on the strengths of the previous structure.

The interim governance board (IGB) oversees the development of the FGF. The IGB is supported by an Executive Steering Group, a Programme Management Office (PMO) and working groups. A Local Authority group coordinates public sector input. This IGB, steering group and working groups will transition into the Forth Green Freeport Governance Board (FGFGB) when it and its sub-committees are created.

### 2. Board Structure

FGFGB will have up to 12 voting members, with both private and public sector representatives (including elected members).

The FGFGB will establish a range of sub committees that will be responsible for delivery whilst the FGFGB is accountable for delivery.

The Forth Green Freeport Sub-committees will be:

- **Fair Work and Skills** - Includes the Fair Work first principles and the skills fund and relationships with SDS, colleges and universities
- **Trade and Investment** - including Investment Principles, relationships with SDI, DBT, and promotion of the Forth Green Freeport (in collaboration with landowners)
- **Infrastructure, Placemaking and Communities** - including communities fund and seed funding projects (in collaboration with PMO and local authorities) and relationships with local communities
- **Net Zero and Innovation** - including impact assessment and reporting and developing an innovation culture and ecosystem, relationships with DESNZ and Scot Gov Net Zero directorates

- **Communications and Engagement** - including social media, PR, marketing and stakeholder management and events.

### 3. Board Membership

The membership of the FGFB will comprise of up to 12 members. Board Members will be drawn from public and private partners from the FGF and will be led by an independent Chair, Dame Susan Rice DBE. To deliver its responsibilities, the FGFB will establish a range of sub-committees with a broader membership to guide and coordinate delivery against distinct topics.

Proposed fixed membership of the FGB is as follows:

- 1 seat for an independent voting Chair
- 4 seats for tax site landowners: Forth Ports, INEOS, Scarborough Muir Group, Babcock
- 3 seats for local government representatives: Elected Members of Falkirk Council, Fife Council and City of Edinburgh Council
- 1 seat for and acting as the Accountable Body (Falkirk Council) this is in addition to seat for the local government representative.
- 1 seat for a worker's representative who is likely to be proposed by the Fair work and Skills sub-committee.

The FGFB will periodically review its membership as appropriate, particularly over the medium to longer-term so that it can continue to provide the best advice, leadership, and strategy to ensure the sustained success of the Green Freeport in fulfilling the core Green Freeport policy objectives.

Consideration will be given to appointing additional board members and these may include:

- 1 seat for a representative from the trade and investment sub-committee. This committee will include regional representatives and so could be filled on agreement by one of Edinburgh and Southeast Scotland Regional Economic Partnership, or Forth Valley Regional Economic Partnership.
- 1 seat for an appointed net zero and innovation representative. This representative will be elected by the members of the net zero and innovation sub-committee.

#### **Regular Observers (non-voting)**

Council Officers from Fife, City of Edinburgh and Falkirk Council. Programme Management Office. Officers from the UK and Scottish Governments

#### **Occasional Observers (non-voting)**

West Lothian, Stirling, Clackmannanshire, MPs/MSPs, other tax and customs sites (Edinburgh Airport, CalaChem, Piramal)

### 4. Sub-committees

The FGFGB sub-committees will develop roadmaps and strategies to achieve each of the FGF objectives, working jointly where objectives overlap. Smaller landowners and customs site operators and other interested parties will have appropriate and due representation via the sub-committees.

### **Schedule of Meetings**

The FGFGB will meet every 2 months or as necessary in order to successfully sign off and secure Government approval of the FBC and in doing so formal designation of the FGF.

Over the medium and longer-term the exact number of Board meetings in a calendar year will be determined by the FGB so as to meet business need.

### **5. The Forth Green Freeport Companies**

The FGFGB will set up a company limited by guarantee, the Forth Green Freeport Company Ltd (TopCo) which will provide strategic direction to the FGF and the members of the FGFGB will be the directors of the TopCo.

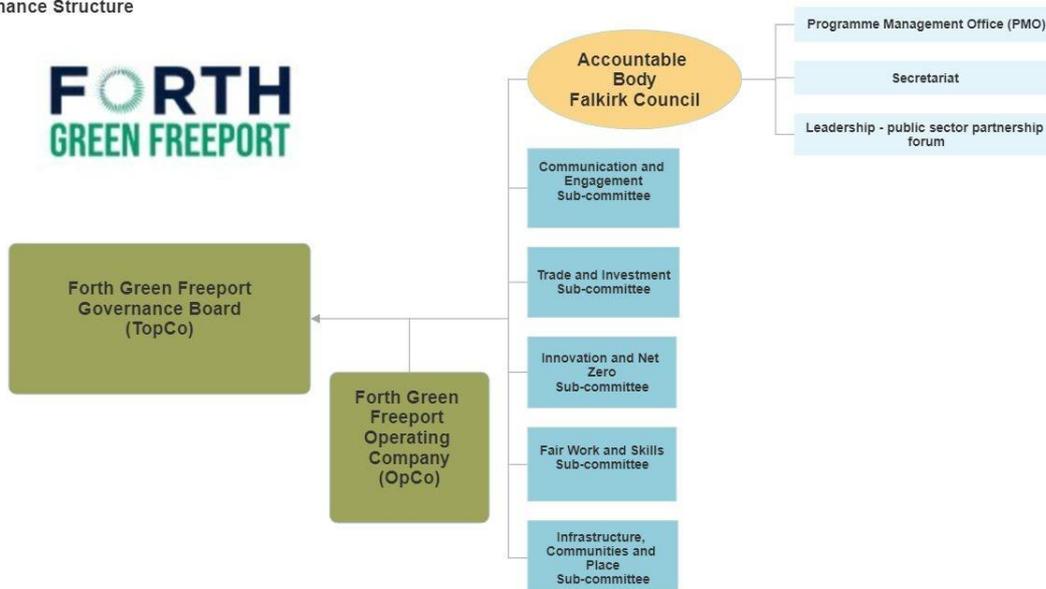
The Board will set up a wholly owned subsidiary company, the Forth Green Freeport Operating Company Ltd. (OpCo) which will also be a company limited by guarantee, will operate the FGF and report to the FGFGB.

The legal entity of both company and subsidiary, will be company limited by guarantee as this is the most appropriate fit with the public/private partnership nature of the FGF and the not-for-profit status that is commensurate with the use of public funds.

The Board will set out a list of delegated authorities which the board of OpCo will have and a list of matters for which they require the consent of TopCo.

*Governance Board*

## Governance Structure



## 6. Purpose

The purpose of the FGFGB is to provide oversight, scrutiny, and senior leadership to ensure the successful set-up, formal designation, and operation of the FGF.

The FGFGB will have accountability and oversight responsibilities for the FGF Operating Company.

Falkirk Council will be the accountable body for the spend of all seed funding grants.

The FGFGB will have the strategic oversight to ensure the delivery of the outcomes and objectives of the FGF, in particular: the following policy objectives.

- Promote regeneration and high-quality job creation – lead policy objective
- Promote decarbonisation and a just transition to a net zero economy
- Establish hubs for global trade and investment
- Foster an innovative environment

And the following operational objectives:

- Management of the Forth Green Freeport Tax Sites
- integration with local economic strategies
- Investment promotion and marketing
- Delivering a consistent minimum service level for investors
- Oversee FGF delivery, including policy levers
- Advise on the investment of seed infrastructure capital (with Falkirk Council as the accountable body)
- Manage risk

The Governance Board will work with local authorities to:

- apply fiscal incentives to new, additional investment in tax sites and minimise displacement
- set and uphold the investment principles that will restrict the types of investment that will be installed on tax sites
- make recommendations to local authorities on priorities for reinvesting retained business rates taking account of the core/objectives and purposes of the Forth Green Freeport
- consider and endorse applications for wider government infrastructure funding in support of the FGF objectives and complementary priorities
- promote, set, and monitor security standards operators and agree a set of standards which site operators will be obliged to comply with

## **7. Decision Making Arrangements and Conflicts of Interest**

Each voting Member of the FGFB will be allocated one vote. Board decisions must be made unanimously. A quorum of half of FGFB Members, with at least one being a Landowner and one a Local Authority, is required for decision making. Where a board member cannot attend, they may appoint a proxy who can vote on their behalf so long as the secretariate has received completed authorisation form in advance of the meeting.

The FGFB may make recommendations to the relevant local authorities on the focus of public spending through retained business rates, however the ultimate decision-making responsibility for public spending will remain with the local authorities themselves.

Members of the FGFB (including the Chair and observers) will be expected to act in the interests of the FGF as a whole. Falkirk Council (Accountable Body) and the Independent Chair will ensure that decisions comply with the FGF governance, board standards of behaviour and FGF policies and may by exception ask for a review of decisions that contravene the standards of governance that the board has agreed to. On an annual basis each member of the FGFB is required to make a declaration of interest for the purposes of their individual organisation. This declaration is recorded in the FGFB minute.

Where a member is the beneficiary of a specific Project, the respective Member will be asked to withdraw from discussions and decisions regarding the approval of that Project. The Independent Chair will be the arbiter of whether a member is a beneficiary of any given Project.

Where a member/representative withdraws from the FGFB, the Independent Chair will review the FGFB membership and seek a replacement.

Board Members (apart from the Independent Chair) are remunerated by and represent their own organisation as part of the FGF consortium and do not receive a salary or allowance from the FGF.

## **8. Financial diligence**

Falkirk Council as Accountable Body for the FGF will be responsible for financial due diligence, as detailed in the Financial Plan.

The Accountable Body will put in place an agreement with each FGF Project Lead Partner to ensure that the utilisation of grant funding for each individual project complies with the purpose of the grant as set out in the terms and conditions of the grant offer between the Governments and the Accountable Body.

## **9. Discretionary Rates Relief and other Tax Incentives**

Gateway Review - The ratings authority will consider granting relief on the basis that the OpCo and Governance Board have signed off on an organisation's FGF application satisfying the criteria as set out in the investment principles. Should an organisation breach an agreement e.g. the FGF Investment Principles, consideration will be given by the local authority on the withdrawal of rates relief for that organisation.

In the first instance, the OpCo would work with the company and find a resolution and will escalate to the Board should a resolution not be forthcoming. If the OpCo and Governance Board are of the view that a resolution can't be found, they would recommend to the rating authority that the relief is withdrawn.

At the same time the OpCo will also inform HMRC and others granting tax reliefs that the company was in breach of their FGF agreement.

## **Ethics and Standards**

All FGFB Members will undertake an induction and governance training and are expected 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'<sup>1</sup> published 2017 will be a guiding handbook against which specific FGFB approaches will be developed.

The FGF is committed to promoting and celebrating diversity and inclusivity, and has produced the FGF Diversity & Inclusivity Statement, complying with the public sector duties and will operate in line with the Equality Act 2010. FGF will pay due cognisance of the recruitment of an inclusive FGFB.

## **Gifts and Hospitality**

The FGFB policies and procedures on the acceptance and declaration of gifts and hospitality will align with those of the existing systems and standards of Falkirk Council as the Accountable Body. Individual members must also comply with their own organisations' systems and policies for gifts and hospitality. This will also apply to the Sub-committee Members and staff of the OpCo involved in advice or

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<sup>1</sup> [On Board: A Guide for Members of Statutory Boards \(www.gov.scot\)](http://www.gov.scot)

decision making regarding the FGF. Falkirk Council's policies include clear processes to facilitate ethical governance.

## **Procurement Practice**

Falkirk Council as Accountable Body will manage all procurement during the set-up phase and this will be directed by the Falkirk Council Procurement Strategy 2020 to 2023.

The Procurement Strategy provides a clear and consistent framework to ensure that procurement activities also support national and local priorities, while also supporting Services to meet the needs of their customers. It also directs and governs procurement activity to ensure appropriate and effective spending to deliver and will ensure that FGFP spend not only meets the purposes of the programme but also meets all the strategic, policy and legal obligations of public sector procurement.

There are five key procurement areas within the 2020-23 Procurement Strategy:

1. Compliance and governance
2. Value for money and efficiency
3. Delivery of sustainable procurement
4. Embracing innovation
5. Supplier engagement and contract management

The five key procurement areas have been identified to support effective and outcome-based procurement across the whole organisation and shall enable the Council to respond to the changing public sector procurement environment, encouraging continuous improvement and innovation.

[Corporate Procurement Strategy 2020-2023 \(falkirk.gov.uk\)](https://www.falkirk.gov.uk)

## **Confidentiality and the Freedom of Information (Scotland) Act 2002 (the FOISA)**

The City of Edinburgh, Fife and Falkirk Councils are subject to the FOISA and shall where appropriately undertake to apply the exemptions and exceptions on the FOISA in respect of confidential information. However, the ultimate decision whether to release information or not rests with the party in receipt of the request.

In the event of a request for disclosure under the FOISA, the party to whom the request is made shall, so far as possible within the statutory timescales:

- a) Notify all members of the FGFGB of any request under the FOISA
- b) Take account of any representations other members of the FGFGB may have within the statutory timescales as to the sensitive nature of the requested information and the applicability of any statutory exemptions from disclosure.