

ISLE OF ANGLESEY COUNTY COUNCIL

Scrutiny Report Template

Committee:	Partnership & Regeneration Scrutiny Committee
Date:	9th April 2025
Subject:	Update on Porthladd Rhydd Ynys Môn
Purpose of Report:	To provide an update on recent progress in relation to the establishment of the Freeport on Anglesey
Scrutiny Chair:	Cllr. Dylan Rees
Portfolio Holder(s):	Cllr. Gary Pritchard – Leader and Economic Development Portfolio Holder
Head of Service:	Christian Branch – Regulation and Economic Development
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Local Members:	Relevant to all Elected Members

1 - Recommendation/s

That the Scrutiny Committee:

1. Recognises the role of Council in the development of the Anglesey Freeport, including the submission of the Outline and Full Business Cases
2. Recognises the robust governance arrangements and transition from Shadow Board to Full Board
3. Note the next steps in the confirmation of the Freeport, including the need to approve a Memorandum of Understanding with both UK and Welsh Governments prior to the Freeport becoming operational (MoU)

2 – Link to Council Plan / Other Corporate Priorities

The Anglesey Freeport has been developed fully aligned to the vision, objectives and values of the Council Plan 2023-2028. With a particular focus on collaboration, the Welsh language, championing the island and promoting opportunities that will deliver jobs and growth to the economy, the Freeport objectives align strongly to those of the Council Plan.

Against the context of our corporate priorities with other key local, regional and national policies and strategies informing the bid (i.e. Welsh Future Generation Act, Regional Economic Framework for North Wales, the Welsh Government Programme for Government and the) the Anglesey Freeport can also play a pivotal and crucial role when the UK Government announces its Industrial Strategy in 2025.

The aim of the Anglesey Freeport is to bring regeneration and high-quality job creation, trade and investment and innovation to Anglesey and North Wales. It will build on the Energy Island Programme (EIP), an existing cooperation between public, private and third-sector stakeholders. EIP's vision is to 'create a once-in-a-lifetime opportunity for jobs, economic growth and prosperity through capitalising on a number of transformational

projects in Anglesey'. It also fully aligns to the goals of the North Wales Economic Ambition Board's Growth Strategy.

Holyhead Port is the international gateway into Wales – and is a historic link between the UK and Ireland. The socio-economic value and importance of the Port to Anglesey and North Wales cannot be underestimated. Its importance was highlighted only recently with the closure of the Port from 7th December 2024 until 15th January 2025. It is the second largest Ro-Ro (roll on roll off) port in the UK serving approximately 1,500,000 passengers a year and approximately 4,000,000 tonnes of freight, 370,000 freight movements. In 2021, freight through Holyhead port declined by 2.1 million tonnes (35.9%). Another crucial factor the Freeport will deliver is to rebuild the land-bridge and increase trade between the UK and EU which has been lost as a result of Brexit. The Port therefore supports – directly and indirectly – hundreds of jobs in Holyhead and in the wider Anglesey area.

Alignment to local strategies include:

- Isle of Anglesey & Gwynedd Well-being Plan (Gwynedd & Anglesey Public Service Board, 2018)
- Council Plan 2023 – 2028 (Isle of Anglesey County Council, 2023)
- Isle of Anglesey County Council Strategic Equality Plan 2024 – 2028 (Isle of Anglesey County Council, 2020)
- North Anglesey Economic Regeneration Plan (Isle of Anglesey County Council, 2019)
- Anglesey and Gwynedd Joint Local Development Plan 2011 – 2026 (Isle of Anglesey County Council, 2017)
- Isle of Anglesey County Council toward Net Zero Plan 2022 – 2025 (Isle of Anglesey County Council, 2022)

3 – Guiding Principles for Scrutiny Members

1. Impact the matter has on individuals and communities [focus on customer/citizen]
2. A look at any risks [focus on risk]
3. Scrutiny taking a performance monitoring or quality assurance role [focus on performance & quality]
4. Looking at plans and proposals from a perspective of:
 - Long term
 - Prevention
 - Integration
 - Collaboration
 - Involvement
 [focus on wellbeing]

4 - Key Scrutiny Questions

1. What challenges and risks does the Council face while acting as the Accountable Body?
2. What measures are in place to ensure proper management, allocation, and compliance when spending the £25m seed funding?
3. Will the proposed £600,000 annual budget be enough to meet Anglesey Freeport's operational needs?

4. How will the potential positive impact on Local Communities, the Welsh Language, and Culture be maximised?
5. The project plan estimates approximately 3,500 new employment opportunities could be created across North Wales. What arrangements will be in place to maximise local/ regional employment?

5 – Background / Context

a) Introduction to Freeports

The UK and Welsh Governments invited bidders to submit proposals for Freeports in Wales in late 2022. The bidding process opened on the 1st September 2022 and closed on the 24th November 2022 and we were informed that Anglesey had been successful in the first phase on the 23rd March 2023 which would then allow us to progress with the business case phase, which is covered in more detail in this report.

Freeports are designated areas where a range of economic incentives are available to stimulate the local economy and encourage growth and investment. The Freeport presents an opportunity to attract significant new private sector investment in Anglesey which is especially important given the context in that a number of major job losses have impacted the island over the last 10 years. These include incentives and relaxations related to tax, customs, business rates, planning, regeneration, innovation and trade and investment support. Goods entering the Freeport will not be subject to the UK's usual tax and customs regime.

The vision of the Anglesey Freeport builds on its unique Island geography; it will support growth of trade through Holyhead Port, restore the land-bridge and progress the island's Energy Island Programme (EIP) and ensure that the benefits are felt across Holyhead, Anglesey and wider north Wales.

The strength and success of the bid was built on the depth of the existing 30-year relationship that exists between the Council and Stena Line further enhancing the partnership and developing a new way or collaborative working between the two organisations.

b) The Anglesey Freeport

The Vision of the Anglesey Freeport is to become a hub for innovation, low carbon energy, and international trade.

It has the following three Aims:

- Boost economic activity, skills levels, and employment opportunities, increasing opportunities for local people.
- Reduce out commuting and out migration, thereby protecting and enhancing the Welsh Language.
- Foster innovation, enhance trade, and our competitive advantage in key sectors.

In order to achieve both the Vision and meets ours Aims, the Anglesey Freeport submission has the following guiding objectives:

1. Attracting inward investment and drive economic activity
2. Driving innovation through all our Freeport activities
3. Building on the Energy Island Programme to become a global leader in low carbon energy generation
4. Boosting International Trade
5. Enhancing local Skills and Opportunities
6. Increasing Productivity
7. Protecting and enhancing the Welsh language and culture
8. Contributing towards net zero and decarbonisation
9. Providing fair working conditions and protect quality of the environment

Therefore, it was important to demonstrate that a Freeport could achieve both Government's expectations – in particular regeneration and high-quality job creation – and initial estimates are that approximately 3,500 new employment opportunities could be created across North Wales.

Within the bid the following sites were identified as the customs and tax sites:

1. Prosperity Park (Former Anglesey Aluminium site) – owned by Anglesey Land Holdings
2. Parc Cybi land – owned by Welsh Government, Conygar and Land & Lakes
3. MSParc land – owned by Bangor University and the Council
4. Bryn Cefni Sites – Tregarnedd and former 2Sisters site owned by the Council and Anglesey Land Holdings
5. Rhosgoch – owned by Conygar
6. Octel Site – owned by NPL Developments



These sites will benefit from significant investment to bring about exciting and transformational change including:

Prosperity Park, Holyhead – the full demolition, site clearance remediation of the site along with installation of essential infrastructure which will accommodate more than 1,000 jobs and secure investment of over £1billion.

Peboc, Llangefni – the full demolition, site clearance remediation of the site along with installation of essential infrastructure to bring the site back into full economic use providing jobs and investment opportunities.

Former 2-Sisters Site, Llangefni – the full demolition, site clearance remediation of the site along with installation of essential infrastructure to bring the site back into full economic use following the loss of 730 jobs providing new jobs and investment opportunities.

MSParc – supporting the development and construction of a second landmark building (Egni) on the site creating high value job opportunities and further enhancing the Science Park offering across Anglesey and the Region.

The Anglesey Freeport bid outlined and demonstrated that Anglesey isn't like other areas. There are unique challenges and issues that exist here.

- There is little to no existing economic activity on tax sites
- There is a lack of private sector activity in high-value added sectors aligning with Freeport objectives

- There is a lack of large-scale private sector activity across any sector
- There is not a significant base of existing activity on which to build

However, Anglesey has strengths and emerging strengths that can be capitalised through Freeport designation. These included in particular the:

- Energy sector, and the Energy Island Programme in particular nuclear, tidal, wind and hydrogen
- The strength of the HE and FE offering
- Having the second largest Ro-Ro Port in the UK and an opportunity to further increase trade.

c) Freeports Decision & Business Cases Development

On the 23rd March 2023, the County Council was made aware it had been successful in its Freeport application, subject to the completion of the detailed business case.

Work then commenced on developing the OBC, following guidance issued by both Governments. The guidance included an OBC Questionnaire of just over 100 questions that must be answered in order to complete the five “Cases” of the OBC (Strategic, Economic, Financial, Commercial and Management). In addition to the questions there were 13 detailed Annexes including the risk register and plans for skills and Fair Work, Innovation, Trade and Investment and Net Zero providing further information and strategies.

The OBC was submitted in December 2023 and formal feedback was received from both Governments in January 2024. Work was undertaken to address the action points raised in the feedback ahead of preparatory work on the FBC. However, the announcement of a General Election to be held in July 2024 resulted in an unforeseen delay to the process with Government Depts. Formal OBC approval – which was a major accomplishment and milestone in the process – was secured in December 2024. Following the election and new Government, the FBC (a more detailed version of the OBC) was submitted in January 2025. Informal feedback as of March 2025 by both Government only minor critical actions to address.

The timescale for the business case development has been as follows:

- Freeports OBC submitted December 2023,
- Feedback received January 2024
- Resubmission April 2024
- Civil Service sign off May 2024
- General Election called May 2024 (same day as sign off – all activities paused)
- OBC sign off December 2024
- FBC submitted January 2025 (work continued on the FBC while OBC was going through final sign off)
- Anticipated FBC Sign off April 2025

Linked to the Governance aspect is that the work to develop the OBC and FBC was both incredibly complex and challenging given the scale and scope of the business cases and

the need to work collaboratively with Stena Line and a whole host of partners and stakeholders to demonstrate the eco-system that exists on Anglesey. These included:

1. Landowners
2. Bangor University and MSParc
3. Grwp Llandrillo Menai
4. Ambition North Wales
5. Morlais and Menter Môn

d) Tax Site Designation

A major milestone in the Freeport process was securing tax site designation and this was successfully achieved in December 2024. The Anglesey Central (MSParc and Llangefni locations) and Anglesey Prosperity Zone (Holyhead) tax sites were successfully designated and thereby recognised in law.

The sites are recognised in law as geographical areas where businesses can benefit from tax reliefs to bring investment, trade and jobs to regenerate regions across the country that need it most.

The tax sites for Anglesey Freeport have been designated with effect from 23 January 2025.

The intention is that the North Anglesey tax sites will secure designation later in 2025 to allow further information and clarity on potential synergies with the energy sector developments.

e) Role of the County Council in Freeports Delivery (Accountable Body)

The Welsh Freeport programme differs slightly in that the host Local Authority must act as the Accountable Body. This therefore places more responsibility on the Council but also ensures it has more influence and control in the delivery of the programme, especially in respect of its statutory obligations.

As part of the business case development, the Council has led on establishing core principles for the continued close collaboration with Stena Line and our partners including the formalising of appropriate governance structures which will be critical in ensuring and protecting the statutory obligations and responsibility the Council has.

As the funding (£1m revenue and £25m capital seed funding) will be administered to the County Council, we will have – as the Accountable Body – full responsibility in ensuring the funds are spent in a way that conforms fully to public sector purchasing and also the monitoring and reporting of all associated spend. The Council (through the Section 151 Officer) will ensure the Business Cases applying for the £25m seed funding address issues in respect of state aid, subsidy control, value for money, procurement rules and can demonstrate the need for public funds. The Council is currently progressing project development work in relation to the former Peboc site in Llangefni in order to capitalise on the seed funding and fully remediate and redevelop the area and bring it back to economic use.

Responsibilities will also include complying with the Welsh and UK Governments requirements on monitoring and evaluation (such as data collection and provision regarding new jobs, businesses created, skills and investment and private investment attracted) etc.

In addition to endorsing and signing off business cases to access the seed funding, the S151 Officer will also have wider responsibilities in setting the budget and also in respect of business rate retention. For Anglesey, this means that the income the tax sites (Central, Holyhead and North Anglesey) generate will be retained and will be guaranteed for 25 years, giving the Council a source of income and if decided the certainty to borrow to invest in regeneration and infrastructure that will support further growth, aligned to Freeport objectives. Given the potential scope and scale of some of the developments at the tax sites, this could be a substantial figure.

As the Accountable Body, the Council will therefore have the following responsibilities:

1. Receive funding on behalf of the Freeport and be responsible for its proper administration
2. Approve the Freeport's annual operating budget
3. Establish and maintain a financial system to account for all funding received and disbursed on behalf of the Freeport
4. Embedding good governance into decision making, following the Nolan principles
5. Review and approval of business cases for seed capital projects and retained non-domestic rates projects
6. Determining the eligibility for non-domestic rates relief
7. Ensure the decisions and activities of the Freeport are taken transparently, are evidence based and represent value for money
8. Retaining necessary information and ensuring all required information on expenditure, activities and outcomes are properly monitored, recorded and reported
9. Operating as a single point of contact for Government on all Lead Authority/Accountable Body matters in relation to the Freeport.

f) Porthladd Rhydd Ynys Môn – the Company & Board

The Council has successfully established the delivery company, a company limited by guarantee – Porthladd Rhydd Ynys Môn – as well as the Shadow Board (including all governance requirements such as the Articles) to provide the necessary governance and oversight structures required by both Government. This again was a significant milestone in the process. Whilst aligned to the Council in terms of adopting policies, pay role, pensions etc. Porthladd Rhydd Ynys Môn will be a separate entity/ company responsible for the delivery and implementation of the Freeport.

The first Shadow Board meeting was held on 29th January 2025 and it is proposed that one more Shadow Board meeting is held before fully transitioning to the Board in Summer 2025 following formal FBC sign-off. As part of the business case development the Freeport has proposed an operating budget of just under £600,000 per year. This would be the lowest of any Freeport in the UK and in line with the Porthladd Rhydd Ynys Môn's objectives to be a lean operation that is tailored to the specific circumstances of Anglesey.

Whilst currently the Council is the only Board Member this will be extended to include Bangor University, Conygar, Menter Môn, Ambition North Wales and Grwp Llandrillo. Stena Line will not be a Member. Both UK and Welsh Governments will attend Board meetings in 'observer' capacities.

The Council is also currently undertaking the recruitment process for the company having identified the following roles are required for the initial phase of the Freeport delivery:

1. Chief Officer (Grade TBC)
2. Delivery Manager (Grade 8 post)
3. Administrative Assistant (Grade 5 post)

As the company grows and the workload in terms of delivering on the objectives of the Freeport intensifies, it is anticipated that this Team will expand to include capacities in respect of Innovation, Skills and Marketing.

Aligned to the Governance responsibilities the Council has undertaken, is progressing all matters in relation to the landowners. This includes the Landowner Agreements which are critical. This again has been challenging and complex and some landowners have removed themselves from the process which has been disappointing.

g) Tax Site Developments

The Energy Island Team has been supporting Anglesey Land Holdings and their consultants as they have been progressing their development proposals and planning processes for Prosperity Park and the former 2-Sister's site in Llangefni. This support included and extended to setting-up the Members Briefing on the 27th November 2024, which was crucial in presenting the scheme to the Elected Members.

Other support activities have included:

- Energy Island Programme officers held regular discussions with the applicant and their planning agent ahead of the planning submission. They undertook reviews of planning and supporting documentation to ensure the application would be robust and valid upon receipt.
- Energy Island Programme officers provided support and assistance during the statutory Pre-Application Consultation (PAC) process ahead of the planning submission by way of following up with statutory consultees and facilitating the necessary discussions, attendance at the consultation event, meeting with the planning agent to address any outstanding queries etc.
- Coordination of discussions between the applicant and Welsh Government Highways Dept.
- Battery storage application on Prosperity Park
- Guidance and advice in respect of the demolition works at 2-Sister's

This has been challenging given the nature and scale of the proposals and complexity of the two sites.

h) Next Steps of Anglesey Freeports

As the focus shifts from developing business cases to the delivery stage of the Freeport programme there are a number of priority activities that will be taking place over the coming weeks and months:

Governance:

1. Secure full FBC sign off and receive details of the Memorandum of Understanding. The MOU is in essence the final step in the development phase of the Freeport and will form the basis of the relationship between both Government, Porthladd Rhydd Ynys Môn and the Council.
2. Present to the Executive the details of the MOU to secure endorsement, this is projected for April 2025.
3. Implement the governance structures to enable access to and progression of the £25m seed funding allocation.
4. Establish the formal operational governance structures which include budgets, implementation strategies (skills, innovation, net zero etc.), HR and other policies etc.

Recruitment:

5. Undertake all necessary recruitment for the Chief Officer and Delivery Manager posts to provide assurance to both Government as we enter into the delivery phase of the Freeport programme.

Site Development Proposals

6. Continue to support Anglesey Land Holdings in their planning proposals for Prosperity Park and the former 2-Sisters sites.
7. Continue to progress activities in preparation to secure necessary tax site designation for North Anglesey.

f) Risks Associated with Anglesey Freeports

As with the development of a highly complex and new programme, there are risks and the main identified risks can be summarised as

1. Risk management; stakeholder management and management of expectations.
2. The management, allocation and adherence to rules in respect of the £25m seed funding.
3. Resource and capacity within the Council to continue to both lead and manage the delivery of the Framework against other competing priorities.
4. Protecting the Council's statutory obligations.
5. The need for robust governance, and the long-term role of the Council and resources required to deliver it in a compliant and effective manner.
6. Potential impacts of the Freeport on local communities, the Welsh language and culture.
7. The Council – and partners – not taking full advantage of the opportunity presented by securing Anglesey Freeports status.

6 – Equality Impact Assessment [including impacts on the Welsh Language]
6.1 Potential impacts on protected groups under the Equality Act 2010
None – applications by and for protected groups under the Equality Act 2010 will be dealt with exactly the same and funding could be targeted towards those groups
6.2 Potential impacts on those experiencing socio-economic disadvantage in their lives (strategic decisions)
Positive – this funding has the potential to be targeted towards those at a socio-economic disadvantage
6.3 Potential impacts on opportunities for people to use the Welsh language and treating the Welsh language no less favourably than the English language
Positive – by creating employment opportunities in the area it is hoped that more Welsh speakers will be able to benefit and stay in the locality.
7 – Financial Implications
Neutral – there are no financial implications on the County Council as the cost of the business case development have been met through external sources.
8 – Appendices:
9 - Background papers (please contact the author of the Report for any further information):