

Freeport East

Responses to Bid Questions

DRAFT 27.01.2021

DRAFT

1.1 Please submit a proposed name for your Freeport. This should clearly distinguish it from any other potential Freeport proposals.

Short text box

Check against other possible/similar names.

Response:

Freeport East

DRAFT

1.2 Provide name and contact details for the Senior Responsible Officer for the programme.

NB: This will be the key point of contact for the government.

Short text box; email; address; tel.

Response:

Mark Taylor, Hutchison Ports UK

DRAFT

1.3 Please upload the following pdf files legible at A3:

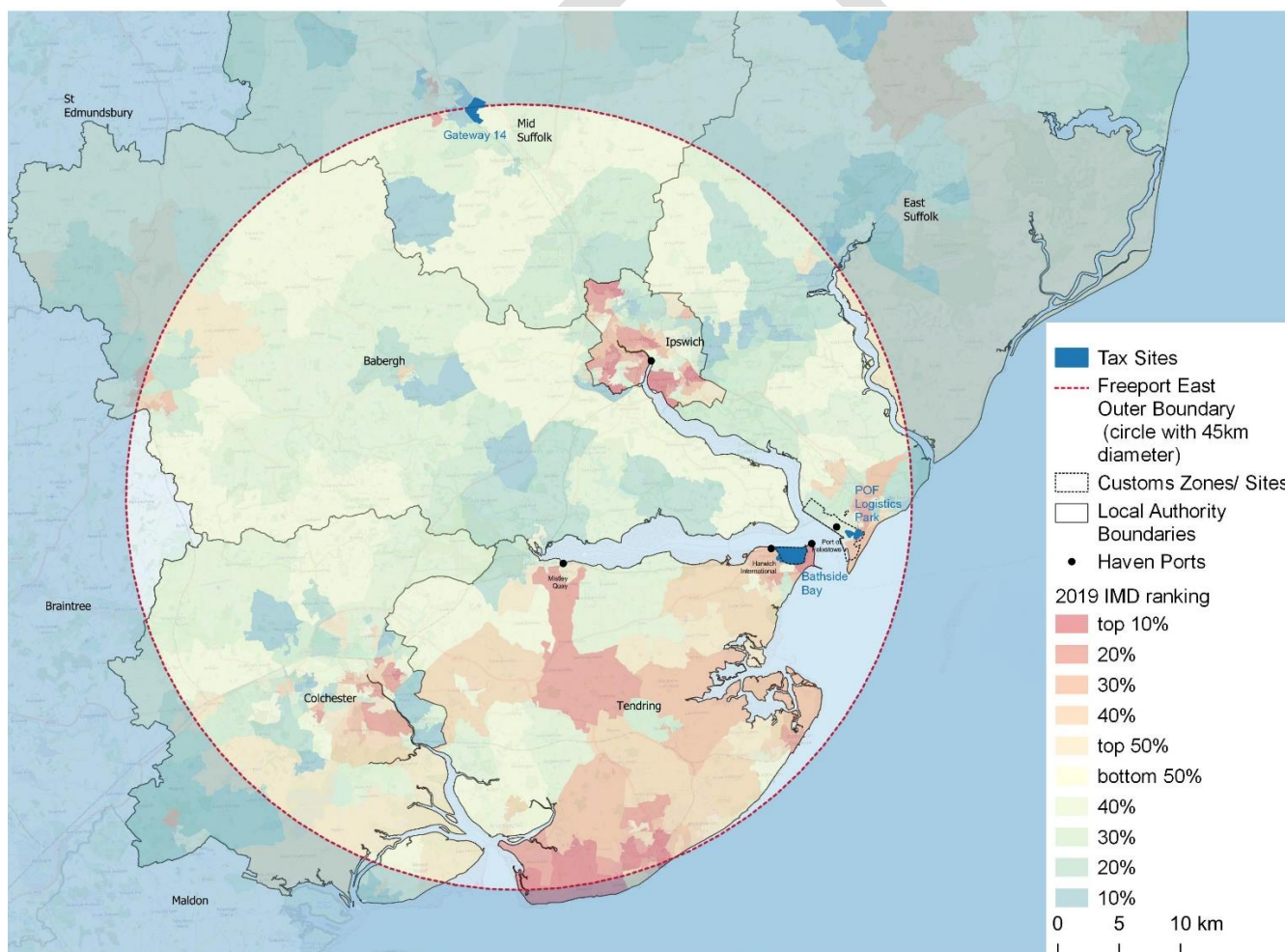
- One map showing your Freeport outer boundary, no points on which should be more than 45km apart, and the locations of the tax site(s), customs sites, and any other sites which make up the bid (e.g. infrastructure projects)
- One map per customs zone defining its boundaries
- One map per tax site defining its boundaries (sites must be single and individual)

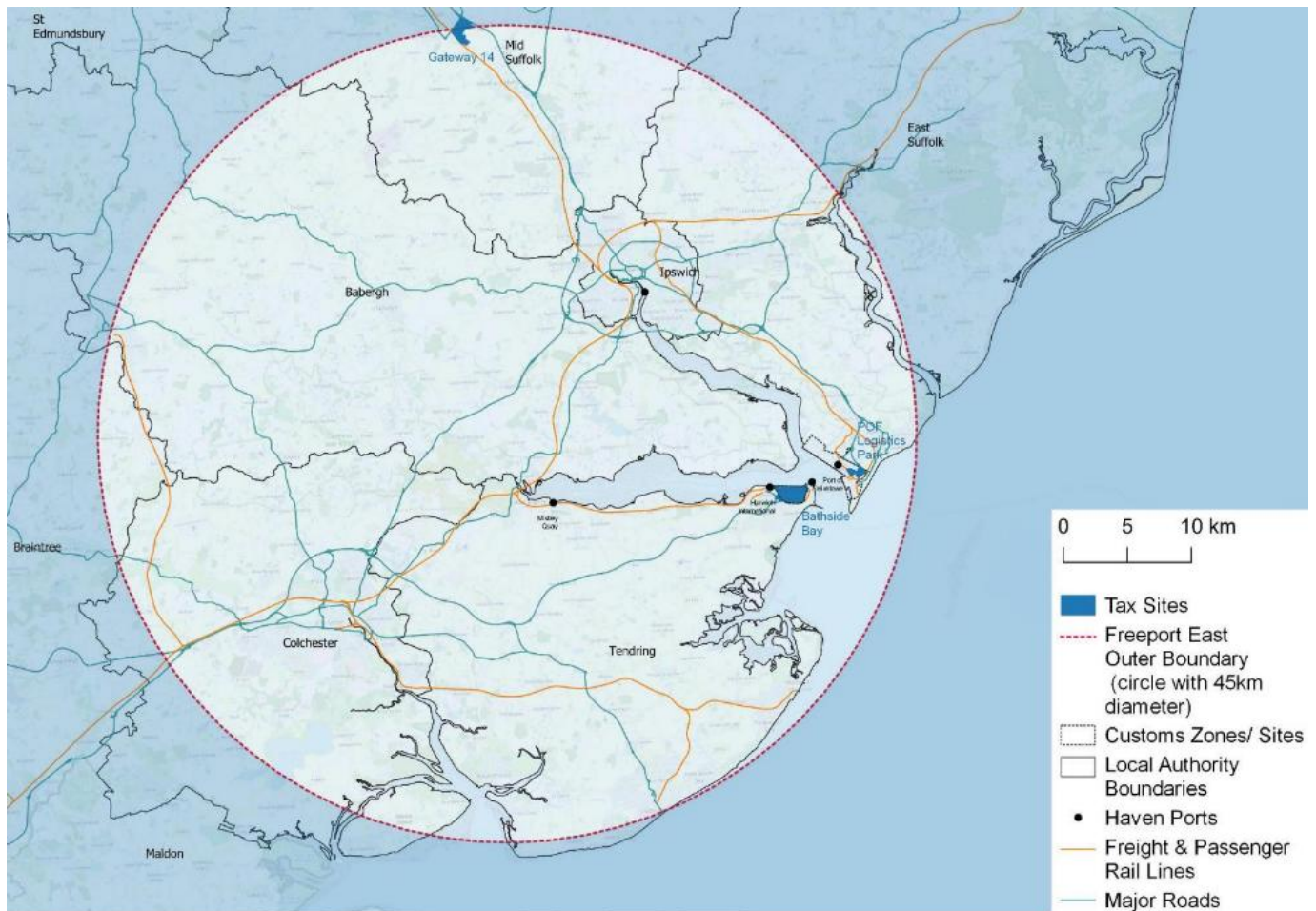
Upload pdf legible at A3

50MB max

The tax site or sites, the customs sites, and the planning, regeneration spending and innovation measures outlined in subsequent sections – must all be applied within the Outer Boundary.

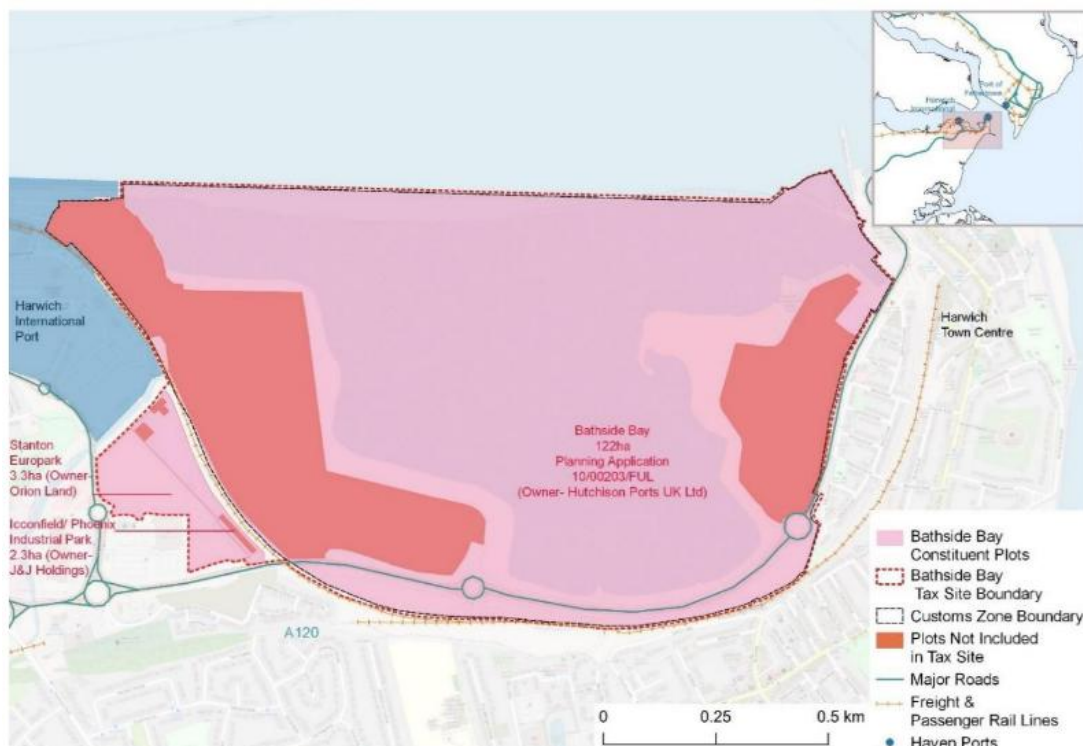
Response:



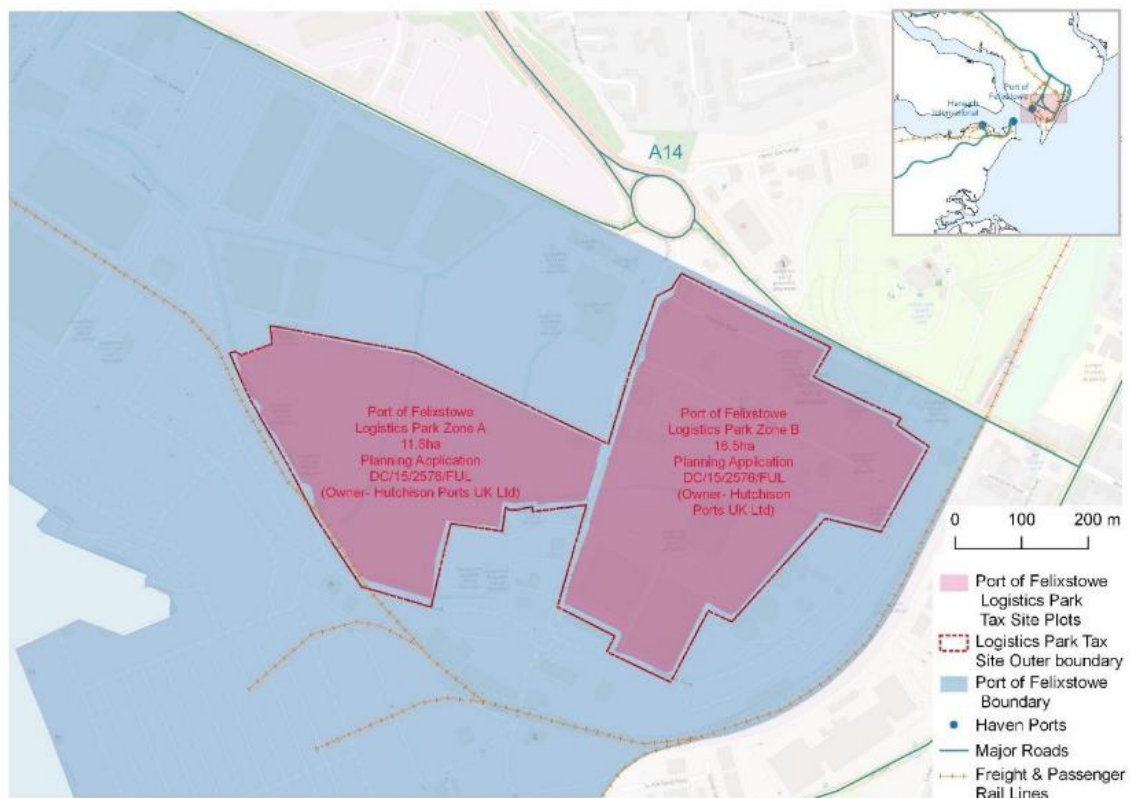


Tax & Customs Sites

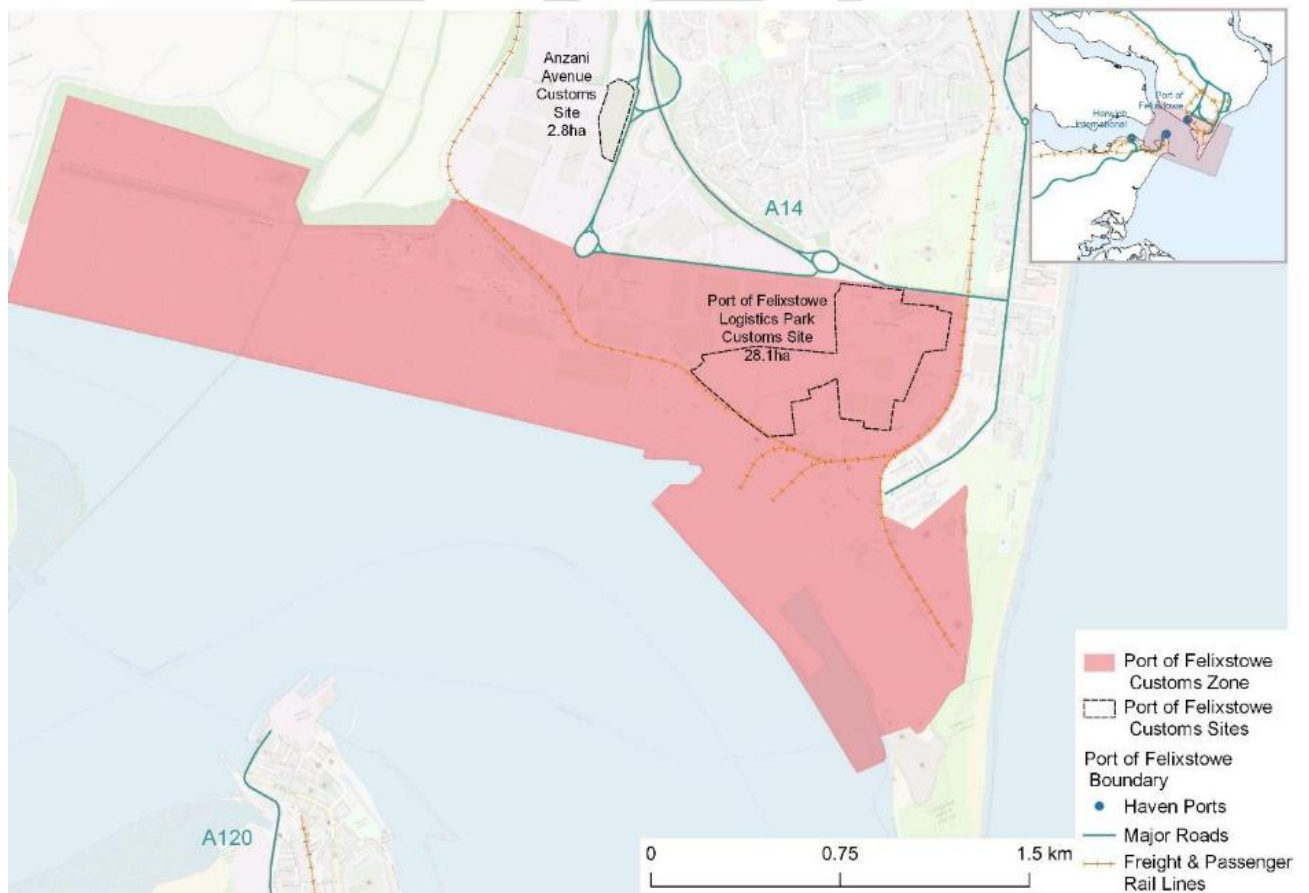
Bathside Bay (tax and custom sites)



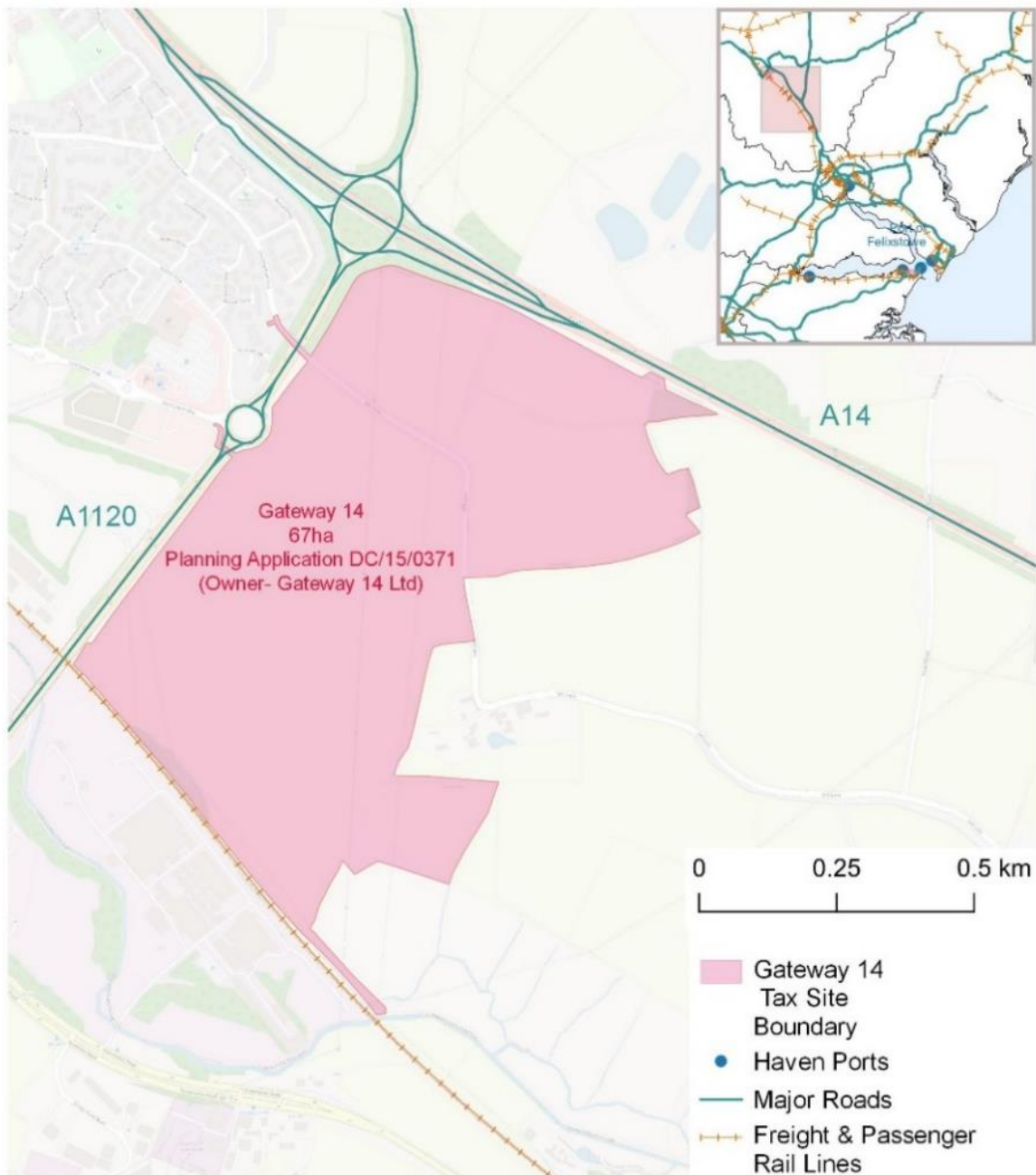
Port of Felixstowe Logistics Park (tax site)



Port of Felixstowe Customs Zone and Individual Customs Sites



Gateway 14 Tax Site Boundaries



1.4 Please also email an ESRI Shapefile or Vector Geopackage version of each map uploaded at 1.2 to Freeports-MHCLG@communities.gov.uk

Email submission of ESRI Shapefile or Vector Geopackage

Presume this refers to 1.3, rather than 1.2

Response:

DRAFT

1.5 Please confirm you have communicated your plans to the landowners impacted by your proposed tax site

Y/N

Tax site landowners to provide a statement that they agree to use of their site as a tax site.

Response:

This is a yes/no tick box on the survey form only. No letters are required from landowners of tax sites (only customs sites).

DRAFT

1.6 For each customs site, please upload a signed letter from the site operator confirming that:

- They are willing to be included in the bid
 - They are aware that, should the bid be successful, as site operator, they will be required to obtain the relevant authorisations from HMG before the site can be designated as a customs site
 - They are willing to undergo the authorisation process. If the operator already has HMG customs authorisations they should state this in the letter.
-

File upload

Max 50MB

Written response required. Customs site must be approved by HMG subsequently.

Response:

DRAFT

1.7 Please upload written confirmation of support for your bid from your local authority or local authorities and (if you have their endorsement) Local Enterprise Partnership (LEP).

The letter must be signed by the **leader of each local authority** that is **responsible for planning and business rates collection** in whose area **any of the proposed Freeport sites will sit**. The letter should commit their **full support** and agreement to the proposed bid specifically those areas for which they have statutory responsibility including planning and business rates to ensure the delivery of the proposal.

- The letter should be also signed by the MCA and/or **LEP** to confirm their support for the bid and detail its **alignment with the delivery of the area's prevailing economic strategy**.
- Where relevant, the letter should be signed by the **leader** of each local authority that is responsible for **transport**. For example, the County Council or MCA. "

File upload

Response:

3 letters to be uploaded by NALEP, East Suffolk Council and Tendring District Council

1.8 Is your bid a cross-border bid? If so, is any of the land covered by your bid also subject to a Freeport bid in another nation

Y/N

Response:

N

DRAFT

1.9 Does your Freeport propose any secondary customs sites outside the Outer Boundary?

Y/N

Response:

N

(This is a yes or no answer. Whilst conversations have been had with the West Midlands, specific sites as detailed within the questions below have not been included and therefore we are selecting no on this occasion, however can allude to West Midlands connections elsewhere in the bid and via media)

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1.10 Explain how your Freeport Outer Boundary represents a credible, coherent economic geography? Please provide clear rationale

Free text

500 word limit

Response

The Freeport East outer boundary is centred around the two major Haven ports – **Port of Felixstowe** and **Harwich International Port** - both of which are owned and operated by Hutchison Ports UK, a subsidiary of the CK Hutchison group, a significant foreign inward investor into the UK. This represents a dual-node or **dual port freeport** model.

In particular:

- The outer boundary was selected based on the need to capture the two ports, viable and sufficiently large potential tax sites in the hinterland and to align with existing regional connecting infrastructure and economic geographies. These factors also needed to be balanced with the requirement of a legible and easily understood boundary. Consequently, the boundary is a 45km diameter circle which contains the proposed tax and customs sites and the transport infrastructure linking them to the local ports and to one another.
- Given the **proximity** of the two ports to each other, common ownership and consistent operating models and environments, a dual node port proposition is logical and will enable advantage to be taken of **economies of scale** in operation, governance, connectivity, trade-related dynamics and local/regional industry value chains.
- As a result of the dual port freeport model, the freeport boundary encompasses parts of the counties of Essex and Suffolk. It therefore falls into both the South East LEP (SELEP) and New Anglia LEP (NALEP) areas. The majority of the tax sites and customs areas fall on the Suffolk side of the boundary.
- The zone naturally extends into the communities of **East Suffolk, Tendring, Babergh, Colchester, Ipswich** and **Mid Suffolk** and a section of Braintree. The districts of Mid Suffolk, Babergh, East Suffolk (formerly Suffolk Coastal and Waveney) and Ipswich are considered to be part of the Ipswich Economic Area. Equally, Tendring and East Suffolk are economically integrated to an extent as a result of Port of Felixstowe and Harwich International Port's shared owner.
- The Freeport East outer boundary also includes a number of areas which suffer from high unemployment, low GDP per head and employment and income deprivation. These are the areas where the large-scale investment facilitated by freeport designation can have the most transformative effect. Ipswich, Colchester and Tendring in particular, contain a number of communities with significant levels of overall **deprivation**, as assessed in the 2019 English Indices of Multiple Deprivation. The freeport boundary also intersects Tendring 018A-ranked the most deprived neighbourhood in England as of 2019.

- The Freeport East outer boundary represents a **natural economic catchment area** around the two ports, with Gateway 14 highly integrated with the Port of Felixstowe via its proximity to the A14 which links Stowmarket with the coast and Bathside Bay, linked to HIP via freight rail and the A120. The overall population of the area is 652,000 (2019 ONS population projections) with a labour market catchment of approximately 388,000 working age residents within the Freeport East boundaries.
- The geography is characterised by extensive **port operations**, associated **landside activity** and locally relevant **supply chains and value chain** activity related to logistics, and processing. Similarly, the geography is a national centre for **renewable energy activities**.

[512 words]

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1.11 Please provide rationale for the primary customs site and any subzones, including:

- **What you expect each customs site to be used for?**
 - **What outputs/benefits do you expect each site to generate?**
 - **How do they relate to each other and the wider Freeport?**
-

Free text- 500 word limit

Must have at least one customs site

- What you expect each customs site to be used for? Goods?
- What outputs/benefits do you expect each site to generate? Increased throughput of goods etc?
- How do they relate to each other and the wider Freeport? Transport and connectivity?

Response:

Three customs sites are proposed, at:

- Port of Felixstowe Logistics Park (also a tax site);
- Bathside Bay (also a tax site); and
- Anzani Avenue, in close proximity to the Port of Felixstowe.

The first two customs sites fall, respectively, adjacent to and within the primary customs site which captures the entirety of the Port of Felixstowe south of the A154- this status will be reviewed at the point of further detail being released on the implications for non-freeport traffic. The specific customs operations of the Port of Felixstowe primary customs site will be conducted at the two dedicated customs sites.

The customs zones are located adjacent to the two ports captured in the freeport boundary, with Bathside Bay connected to Harwich International Port, the wider freeport and much of the country by the A120 motorway. As such, the customs zones will not only be interlinked with the goods associated with the ports but are likely to be highly attractive to new and emerging businesses as a result of their location.

In the case of the Logistics Park and Bathside Bay, the tariff inversion benefits will be paired with the benefits of tax site designation to provide an added incentive for the location of new and emerging industries at these locations. An added benefit of the sites will be the enabling the avoidance of double-duty for goods imported into the UK for finishing/processing before re-export to the EU that do not qualify for tariff-free entry to the EU under the FTA. The longer-term impact of double-duty in the wake of Brexit is yet to be seen and this exception to the new reality represents an added benefit.

In particular, it is expected that the customs sites will contribute to the facilitation of trade between Asia and the UK and between the UK and the EU, with emphasis on supporting the Government's Ten Point Plan for a Green Industrial Revolution by specialising in zero carbon energy. For these reasons, the customs zones are anticipated to attract business from around the world looking to serve both the UK and EU markets. Having those investments in a freeport with the unrivalled location of Freeport East will give the UK the opportunity to be a leading international centre for these technologies.

[376 words]

1.12 Please set out how you will meet the minimum standard of security and infrastructure required in customs and tax sites before being able to operate as a Freeport, as referred to in the prospectus.

Free text

500-word limit

What steps will be taken to ensure that the customs sites and tax sites will be secure against illicit activity, including organised criminal activity, money laundering, smuggling and illegal immigration.

Response:

The security mitigations and management to be applied to Freeport East will be based upon a robust threat, vulnerability and risk assessment. This will consider both physical and cyber-security in a holistic way to remove the opportunity for crime, terrorism and illicit trading. The risk assessment will include all the relevant security stakeholders, including local and national Policing, Border Force, MHCLG, Home Office, HMRC and other relevant agencies.

Principal to this will be the establishment of robustly controlled, and proactively monitored, perimeters for both physical and cyber intrusion to ensure the physical site and the systems utilised within are kept secure and up to date to mirror the threat level. A baseline for security will be set, with the flexibility and scalability to increase security based upon specific intelligence or incidents.

From the outcomes of the risk analysis, a Security Concept of Operations and a layered Protective and Criminal Activity Detection Plan will be developed, ensuring compliance with the OECD Code of Conduct for Clean Free Trade Zones. These plans will also ensure that all businesses operating within the Freeport East area will have mandatory minimum security and reporting requirements placed upon them.

This approach for Freeport East builds upon existing security arrangements already in operation within the freeport area, including at the Port of Felixstowe (PoF) which in 2014 became the first port in the UK to receive Authorised Economic Operator (AEO) status, a mark of security and efficiency. Additionally, the PoF has dedicated Emergency Services teams who comply with national and international regulations including the International Ship & Port Facility Security (ISPS) Code. This includes a statutory police force that provides direct security at that site plus advice and oversight of security at other sites. The Port Police Unit is a statutory independent police force committed to the prevention, detection and investigation of crime and any suspicious activity on the port. Port Police Officers have the same status and powers as regular officers on, and within one mile, of the port boundaries. They work with other agencies and statutory organisations to provide a safe and secure environment and will continue to extend this service in line with the freeport boundary.

Building upon this police presence, the PoF is a designated Operator or Essential Services and is therefore subject to the Networks and Information Systems (NIS) Directive. As a result, the port is required to be compliant to stringent cyber security controls and to evidence these in an audit return to the DfT. HPUK work closely with the National Cyber Security Centre (NCSC) and partake actively in the Maritime Information Exchange run by the NCSC. The Freeport, as an extension of the operations at the PoF, will be subject to the same controls and auditing rigour.

This coincides with the conducting of cyber drills which ensure protection from harm and recovery from unexpected incidents is practiced in order to ensure the lowest possible risk to data or the ongoing operation of the businesses. The existing operations at the PoF are protected from ransomware attack and use intelligent network tracing to identify nefarious behaviour that might otherwise be hidden. These best practice approaches will be extended to the Harwich International Port, along with the tax and customs sites proposed as part of Freeport East.

[544 words]

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1.13 Please provide clear economic rationale for the tax site, including: an explanation for the proposed location and why it represents good value for money, how tax measures will generate additional economic activity, how your proposed sites meet the criteria for being underdeveloped.

500-word limit

These points should be covered:

- an explanation for the proposed location and why it represents good value for money
- how tax measures will generate additional economic activity
- how sites meet the criteria for being underdeveloped
- how the proposed sites are “underdeveloped” - underutilised land with investment and job creation potential
- if any proposed sites are not a qualifying area as set out above, why their proposed site(s) needs regenerating
- how the Freeport tax measures will generate additional economic activity in the site(s)
- why the proposed site(s) are the optimal choice for the local area, representing good value for money

Response:

The proposed tax site locations- at Bathside Bay, Port of Felixstowe Logistics Park and Gateway 14- are:

- Closely interlinked with the Port of Felixstowe and Harwich International Port. Both ports have enjoyed substantial investments from CK Hutchison over the years, as well as the Government, allowing Freeport East to leverage existing infrastructure. The multiplier effect will ensure Freeport East represents good value for money.
- Of sufficient size to have a large-scale economic impact on the surrounding area if developed (the three sites encompass a total of 222.8 hectares of land).
- Each of the three tax sites is either in the ownership of a local authority, Hutchison Ports or a landowner who has expressed support for tax site designation. Each could feasibly be fully or partially developed within a five-year timeframe so as to accommodate additional economic activity and fully realise the tax and business rate benefits associated with freeport status, demonstrating a good return on public investment.

The three tax sites are partially developed but encompass underdeveloped land in strategically important locations.

- Bathside Bay, in particular, is a major tract of undeveloped land next to Harwich Town Centre which has seen a number of development proposals in recent years but none of which have been fully realised in the absence of further economic incentives.
- Bathside Bay and POF Logistics Park also fall within the boundaries of neighbourhoods ranked in the top 20% most deprived in the country and areas with GDP per head significantly below the UK average.
- Freeport status would provide the catalyst for additional development, new economic activity and job creation in areas which have the land and the labour market for large-scale development but need central government stimulus to fully realise this opportunity.

Up to 12,000 direct, indirect and construction jobs will be generated across the region in the event of construction and full occupation of the three tax sites, of which a majority of new jobs will be located in the Haven Ports area.

- The tax measures applied to these sites are expected to generate further economic activity related to target sectors and their supporting services, such as renewable energy (offshore/hydrogen), technology/advanced engineering and port-related activities.

The sites represent good value for money in that:

- The sites have proven positive market characteristics and attractiveness due to a combination of location, proximity to the ports and connecting infrastructure
- Their risk profile is low given existing development and operations
- Further development can move at pace, enabling realisation of benefits – tariff-related and business rates – and therefore wider economic and regeneration benefits within the first five-year window.

[427 words]

1.14 How does the tax site's location mitigate displacement of local economic activity from deprived areas

Free text

500 word limit

Need to explain how selection of the tax site reinforces and extends existing economic activity with potential benefits for deprived communities.

Response:

The Freeport East tax sites were selected via a rigorous testing of relevant sites and locations across the sub-region. Criteria ranging from adjacency to the ports, planning and development status, strategic connectivity, proximity and access to deprived communities, as well as commercial attractiveness and innovation eco-system linkage have all been taken into account.

As such, we consider our three selected sites are capable of generating new, net 'additional' economic activity to the freeport area, at pace, and with consequent positive economic spill-overs into the wider sub-region. This is the starting point for ensuring that the overall freeport economic structure is targeted on economic activity that is genuinely 'additional' and therefore avoids displacement.

In particular:

- The selected tax sites represent an extension or further deepening of existing economic activity and therefore an ability to use new freeport incentive mechanisms to quickly trigger additional economic growth that extends and diversifies target industry supply chains
- The three tax site locations are already perceived by the market as logical places for new economic activity, given their locational and physical characteristics, proximity to the ports and existing commercial demand (as evidenced from the various planning applications and proposals for the sites). As such, – they are not in competition with other emerging locations – activity will be extended and reinforced in clusters that are already nascent or evolving.
- In promoting these sites, the emphasis will be on economic and industrial activity that demonstrates 'additionality' i.e. is over and above what might have happened in any case. For example, facilities to finish goods and re-export to the EU will be new activities attracted in direct competition with European sites such as Rotterdam, Antwerp and Hamburg and making the most of post-Brexit opportunities. Investment propositions to be taken to market will be designed explicitly with additionality in mind and will be targetted carefully towards investor and occupier market in key industry sub-sectors (e.g. Clean Energy and Agri-Tech) that will not replicate or replace existing economic activity.
- Planning decision-making will be guided by a series of agreed investment and design strategies that will be developed jointly by the local authorities hosting the three tax sites (i.e. East Suffolk, Mid-Suffolk, and Tendring). Decision-making criteria for planning approval

will be developed with clear displacement and additionality guidance, metrics and tests. Our freeport governance arrangements will include monitoring and screening processes to ensure that displacement is avoided and economic additionality guaranteed as far as possible.

- Complementary programming associated with skills development, local business development and local/sub-regional supply chain extension will ensure that displacement is avoided through enabling additional new business formation, new skills development, additional employment generation and an increase in the economic activity rate particularly in those locations within the free zone area characterised by higher levels of deprivation, lower than UK average household income and lower than UK average GDP.

[470 words]

2.1 Please supply a diagram of a logic model which gives an overview of the links between the activities and inputs, outputs, outcomes and impact of your proposed Freeport model.

Guidance: Innovate UK5, DFID 20116, DfT 20107, ODPM 20048

File Upload

50 MB max

The logic model should provide an overview of the links between the activities and inputs, outputs, outcomes and impact of the proposed Freeport model to show how their proposed Freeport will achieve the programme's objectives.

Credibility of each link in the chain will be assessed.

Submitted as a diagram, no obvious word limit

Response:

FREEPORTEAST - THEORY OF CHANGE & LOGIC MODEL- Revised

Baseline & Contextual Challenges

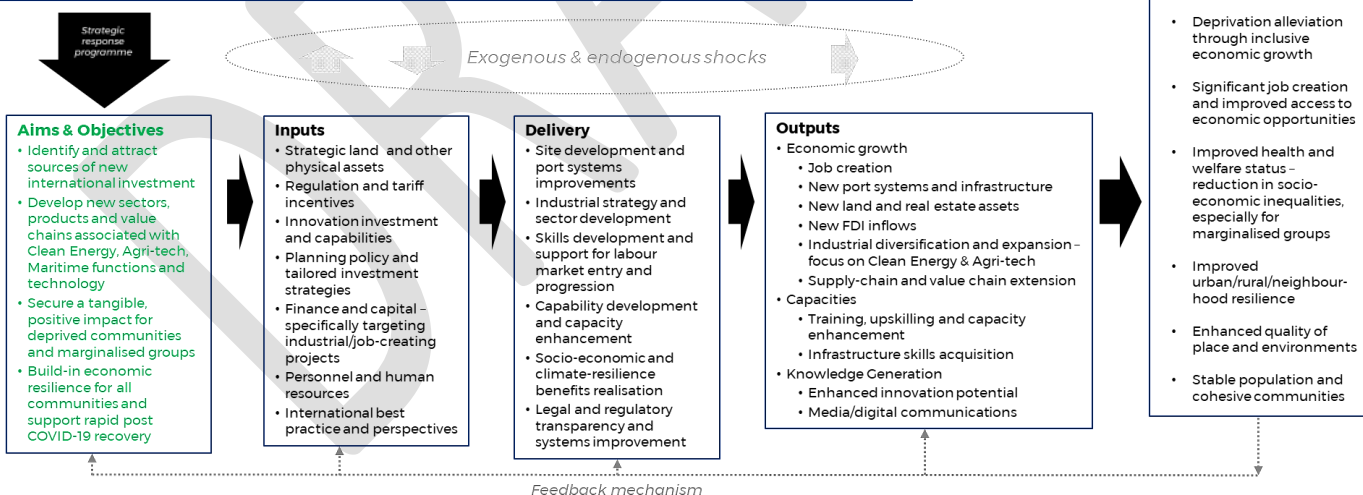
Lack of inclusive, transformative and productivity enhancing growth in the Haven sub-region, leading to:

- Persistence of local deprivation, lower than UK average productivity and incomes, and significant socio-economic inequalities - generating **negative externalities**
- Relatively high unemployment and economic inactivity across some communities; lack of access to good quality employment and limited creation of new jobs; correspondingly low skills levels in specific areas
- Sub-optimal investment in new industry-sectors; high & unforeseen business costs, exacerbated by COVID-19 impacts
- **Significant opportunity** - as yet unrealised - for high growth in leading-edge, productivity enhancing sectors - including Clean Energy, Maritime Technologies & Logistics, Agri-tech and other advanced Production & Manufacturing - driven by an extended, internationally focused trade, logistics and industry diversification; untapped potential within sub-regional innovation eco-system

Rationale for Intervention & Market Failures:

Market mechanisms are not self-correcting due to barriers and constraints

- Coordination failures on the part of both public institutions and private entities; need to 'unlock' key sites and innovation assets
- Asymmetric information - significantly increases investment risk profile and leads to a limited private market activity
- Significant **positive externalities** possible - and as yet unrealised - through achieving productivity enhancing and inclusive growth



2.2 Referring to the logic model, please explain how your Freeport proposal will meet the objectives of the policy and achieve the desired outcomes listed in this prospectus?

As part of your answer, please cover:

- **Why a Freeport is the right public intervention for your proposed location, including any local economic strengths or strategies that your proposal will build on and any identified economic needs or market failures you expect to remedy**
- **How the outputs you expect your Freeport proposal to generate will support or enable the key outcomes associated with this objective**

Note - your answers to 1.10, 1.11, 1.12, 1.13 and 1.14 above will all be considered as part of the assessment of this answer in addition to this answer. You do not need to repeat information from those questions in this answer.

Free text

3000 word limit

Key objectives:

- a. establish Freeports as national hubs for global trade and investment across the UK
- b. promote regeneration and job creation – our lead policy objective
- c. create hotbeds for innovation

Response:

Executive Summary

The designation of Freeport East as a free zone for trade and economic development will have profound positive consequences for the UK's global economic position.

Our proposition rests on a unique opportunity: to strengthen and deepen existing global trade patterns that will accelerate and strengthen national competitiveness, taking direct advantage of a rapidly developing innovation eco-system and making this whole process 'just' and meaningful to local communities through sustainable jobs and adaptable skills.

Freeport East will deliver strongly and directly on the key objectives set by HM Government for UK freeports:

- **We will create, strengthen and extend the UK's primary hub for global trade and investment.** Freeport East is centred upon two key UK seaports – Felixstowe and Harwich. Felixstowe is Britain's largest and most important container port for long-distance deep-sea trade, while Harwich is a major gateway for local/short sea trade with Europe. Together these ports constitute one of the UK's most significant 'gateways to the world', providing the basis for significant current trade volumes and a future global trade pattern that can reach deeply into new markets and expand the UK's global trade prospects.
- **We will level-up the region.** Freeport East is designed to bring economic growth to some of the most deprived parts of the UK, including what is statistically the most deprived community in the country. The East of England is one of the hardest hit areas nationally by the global COVID-19 pandemic. Freeport East will bring new specialised production and

manufacturing jobs, as well as logistics, R&D and support service activities to the region, providing immediate job opportunities in expanding and emerging industries and a dedicated programme to upgrade skills across diverse communities.

- **We will be driven by innovation.** Freeport East will focus on high added-value, leading-edge industrial development by making the free zone and its hinterland a sub-regional hub of innovation for the UK. The region already leads the UK in innovation activity, hosting two of Britain's most important centres of innovation, BT's research centre at Adastral Park and Cambridge University. We will leverage and deepen this existing innovation eco-system to underpin development and clustering of leading-edge, technology-led industries including maritime technology, offshore wind energy, renewables related technologies, agri-tech as well as the country's leading green hydrogen power innovation hub.

In delivering these objectives, we will follow core guiding principles:

- **We will attract new – net, additional - investment in nascent and emerging industries, focussed on successful delivery of a Net-Zero economy.** Our freeport's proximity to significant new offshore wind and nuclear generation infrastructure means Freeport East will become a centre of technical excellence and new production and processing capability. Our capacity to generate clean, renewable energy from multiple sources, and our ability to create commercial critical mass for scale-up and roll-out, sets us apart as a leading destination for green industry and green technology
- **We will work in partnership.** A Freeport is a cross-sector and cross-industry development. Freeport East will be catalysed by partnerships and enormous investment from the private and public sectors. Our existing trans-boundary and cross-industry arrangements, throughout the sub-region, will be developed further through appropriate governance that rests on our substantial history of effective partnership working and joint approaches to tackling important economic and social challenges.

UK's Trading Gateway to the World

The East of England is home to major and unique maritime assets that can be harnessed to drive long-term sustainable growth in the region. Felixstowe is the UK's largest, busiest and most important container port, handling 36% of all UK container trade. Along with Harwich International Port, Felixstowe offers regular RoRo unaccompanied and accompanied trailer short-sea ferry crossings that connect the UK with multiple destinations across mainland Europe. There are few ports other than Port of Felixstowe with approach channels of sufficient depth to accommodate the world's largest and most efficient ships with Harwich Haven Authority's £100m ongoing dredging project making the ports unique within the UK in their depth and access. Our global reach is unparalleled in a UK context, providing the basis for further deepening, extension and rapid acceleration under a freeport regime.

Geographically, the East of England sits at the heart of the world's largest market for offshore wind, and Harwich International Port is the home to the purpose-built £10m Operations and Maintenance Facility of Galloper Offshore 353MW Wind Farm currently . This is a globally significant industry with unprecedented growth potential. Highly efficient, state of the art import and export facilities and associated maritime functions are required to position UK industry and expertise at the heart of

global energy and low carbon markets. Freeport East can effectively 'meld' together our global trading reach with our renewable energy leadership in a unique way to support this effort.

Existing and planned investment in the East of England means that Freeport East will be in an immediate position to transform into the leading centre for the UK's global trade and investment in a post-Brexit setting. In addition to maritime operations, housing growth and creation of sustainable, inclusive new communities is a key target for investment both regionally and nationally. The East Suffolk Economic Growth Plan identifies planned new housing as a key component of local growth, and there is a strong desire to bring new investment to East Suffolk and other local areas where economic development fundamentals have been weak. As such, housing ambitions will form part of wider regeneration plans, of which Freeport East would be a significant facilitator.

Our freeport proposition plays a vital role in an ambitious regeneration of the local economy and in creating sustainable new job opportunities in coastal and inland communities - communities that have been blighted by long-term inactivity and barriers to labour market entry, exacerbated even further by the sweeping negative economic impacts of COVID-19. These communities include what is actually the most deprived neighbourhood in the UK at Jaywick.

Early investment opportunities could see 45 acres of developable land made immediately available at Harwich International Port for offshore wind manufacturers. The economic slow-down has inhibited development in the area, and slower growth in containerised freight has meant that the development of a new terminal at Bathside Bay, Harwich has not previously been justified. Taking advantage of the vast amount of developable land at Bathside Bay offers a new opportunity to stimulate the local supply chain and create jobs, as well as delivering against the Government's focus on 'green recovery'. Further investment in offshore wind and new nuclear developments, given the East of England coast's significant potential, would directly support the UK's global offshore wind leadership, our national pathway to Net Zero and demonstrate investment in clean manufacturing systems ahead of COP26 in December 2021. Importantly, this covers multiple aspects of the Prime Minister's 10 Point Plan, along with alignment with the ambitious requirements set out within the recently published Energy White Paper.

Innovation Freeport

Innovations originating from Freeport East will have a truly global impact. The two ports constituting the Freeport already encompass a broad spectrum of maritime and logistics operations and handle trade from all corners of the world – their combined reach is greater than any other port cluster in the country and can be extended even further and at an accelerated pace with a freeport designation. For this reason, innovations emanating from the Port of Felixstowe and Harwich International Port will have a direct bearing on international and global trends. Furthermore, the domestic importance of the ports means that any innovations tested or implemented within Freeport East can help scale up and accelerate industry-wide change on a national scale.

Aligning with the four grand challenges identified within the UK's Industrial Strategy 2019 of Artificial Intelligence and data, ageing society, clean growth and future of mobility, the Freeport East area has a unique scale of innovation potential. This is particularly so in the fields of renewable energy and in applications of IoT and AI technology to energy, port operations, logistics and agri-tech, which Freeport East can capitalise and further expand upon.

A fundamental capability of Freeport East will be its ability to harness local clean energy from offshore and other carbon-free sources. In doing so, it will serve as a national and global centre for the development and testing of innovative technologies and clean-fuel applications such as

hydrogen and battery technology. Freeport East's access to sustainable energy sources is unrivalled in the UK, and there is continuing market appetite and political ambition both nationally and locally to further the development of offshore wind, nuclear capabilities and the establishment of an extensive and reliable hydrogen programme. Importantly, these initiatives provide tangible responses to the Government's Energy White Paper, thereby demonstrating implementable actions whilst exploiting the strategic importance of the East of England's geography in renewable energy generation - already the home to the largest concentration of offshore wind potential in the UK.

A key example of this is the acceleration of plans to promote the production and application of 'green hydrogen' energy in the region, utilising the UK's largest critical mass of freight movements existing at the Port of Felixstowe to deploy, scale up and roll out an effective and influential hydrogen programme, also available directly for other uses beyond port operations. Plans for the development of the Green Hydrogen Hub include two phases which coincide with numerous studies and trials with partner institutions. The first would develop a local electrolyser plant, with a capacity of 1-3MW, integrated into port operations. The second phase would include a large-scale 5-25MW electrolyser plant, which would utilise renewable energy for the production of hydrogen to allow its commercial distribution to HGVs, or to the local hydrogen network. Combining these phases, the Green Hydrogen Hub would provide vital capabilities towards the UK's aims of developing 5GW of low carbon Hydrogen production capacity by 2030, as part of the Government's 10-point plan for the Green Industrial Revolution.

This emphasis on the Green Hydrogen Hub development is already in motion through the leveraging of HPUK industry connections with UK Power Networks, Ryse Energy and Wrightbus. In parallel, HPUK has recently acquired Eversholt Rail (an innovator in hydrogen-fuelled trains). Through these connections and interest, the award of freeport status will deepen and extend plans for what will undoubtedly become the country's leading Hydrogen Hub, while developing alongside this, capabilities, technologies and managerial acumen that can be traded internationally.

The viability of this proposal is enhanced by the sustainable energy sources available as a result of the East Coast's unparalleled renewable energy sector, which offers multiple different paths towards facilitating the reliable production of green hydrogen. This places Freeport East in a unique position for not only deploying hydrogen and promoting its use, but also in ensuring it is involved in the production of the 'right' type - low-carbon green hydrogen.

This will build upon established links with a number of higher education institutions with direct expertise in this field, such as the University of Birmingham - one of the UK's foremost centres for hydrogen cell research. Such connections enable new knowledge and experience in this sector to be readily applied and will accelerate opportunities for further innovation.

Importantly, this will also assist in accelerating other plans for the application of hydrogen power which are already in development. Key examples of this include Network Rail's considerations of the most appropriate routes for hydrogen-powered trains, with Hydrogen East currently lobbying for the 15km Ipswich to Felixstowe rail route - which lies wholly within our free port boundary - to be used as a pilot for this broader scheme. If this were to succeed, the Green Hydrogen Hub developed through freeport designation, would be invaluable in the efficient supply of green hydrogen to fuel numerous initiatives up and down the country.

The Green Hydrogen Hub will be complemented by innovations and local specialisation in other renewable energy sectors, including through the expansion and reinforcement of the East of England as the biggest offshore wind cluster in the UK, recognising the current opportunities within the Southern North Sea and the geographic importance of Harwich International Port as a base for

the manufacturing, construction and maintenance of both existing wind farms and their future expansion plans, such as the Five Estuaries Wind Farm extension expected to be operational in 2030. This builds upon the Operations and Maintenance activities for the Galloper Wind Farm already based out of Harwich. This existing expertise and locational benefits give Freeport East a strong advantage in the ability to positively contribute to further development of offshore energy, most importantly through connections with our other strategic partners, such as those located across the West Midlands.

Building upon the existing specialism of offshore wind, the region will also seek to reinforce its position as a major nuclear power hub with plans submitted for Sizewell C and Bradwell B. The proximity of multiple different energy sectors means that the area is clearly a central node for energy industry ideas exchange and innovation. Freeport East will play a key role in providing support for these proposals, along with assisting in reinforcing the East of England as the region with the greatest untapped potential to drive the UK into a low-carbon society. As such, we will utilise our freeport designation, and the incentivization levers this provides, to carefully target technologically advanced inward investor companies completely new to the UK market.

We will use these new investment flows to deepen and extend industry value chains, not only in energy, but in other key industries locally such as maritime logistics and agri-tech. The overall outcomes will include new high-quality jobs, training and upskilling opportunities, new SME formation routes through extended local supply chains, as well as gradual and shared increase in average household outcomes across our wider sub-region.

Port operations will also be enhanced through numerous innovation proposals to benefit not only Freeport East, but the wider industry. This will include the promotion of zero-emission berth standards at the ports through the active integration of cold ironing as a solution for reducing the energy requirements of high capacity, large vessels. Through an initial provision of six cold ironing connection points at the PoF, the wider benefits of the solution can be demonstrated to key stakeholders – further helping to promote this approach across the UK and to align with the need for more sustainable port operations.

Freeport East will also seek to maximise the utilization of renewable energy to power the port, including provision of photovoltaic panels on all warehouses. This will also coincide with the integration with programmes such as the Department for Transport and Work Boat Association initiative for low-carbon work boats, leveraging off existing work boat manufacturers within the Freeport East hinterlands.

In addition to the clear opportunities to broaden and deepen a globally important renewable energy sector, another proven and growing industry in the freeport area is Agri-tech, with its associated improvements to the profitability and sustainability of agriculture. Agri-TechE (formerly Agri-Tech East) is the UK's leading membership organisation for specialised Agri-Tech, aiming to improve the international competitiveness and sustainability of plant-based agriculture and horticulture. It does this by supporting the growth of a world-leading network of innovative farmers, producers, scientists, technologists and entrepreneurs, bringing them together to create a global innovation hub in Agri-Tech. This global eco-system of expertise, product specialisation and service design will be a substantial beneficiary of freeport status. This will allow a further clustering of expertise as a result of new inward investment flowing from key research and development centres around the world, with the aim of building in resilience to both national and international food production and distribution systems.

The overall commitment to innovation is underpinned by the 5G Create £1.6m award, bolstered by significant investment (£1.5m) directly from Hutchison Three UK and Hutchison Ports UK. Partnering with the University of Cambridge, the ambition to deliver an end to end efficient logistics solution, underpinned by an automated port operation and IoT capabilities will extend well beyond the Port boundaries. Hutchison Ports plan to further invest in 5G beyond the end of the trial creating a unique 5G enabled Port Operation that will enable further innovation from Freeport partners and local SME's. As Hutchison Ports continues to push technological boundaries globally, Freeport East will be able to benefit from the latest innovations, including driverless trucks, encouraging a new era of innovation and manufacture of the associated components here in the UK, and an established centre in which to further develop these for the UK market.

In addition to innovations surrounding clean energy and agri-tech, Freeport East has both existing and planned programmes to utilise Internet of Things (IoT) technology, big data analysis, simulation, predictive technology and machine learning to streamline the use of port processes. Additionally, other initiatives include:

- Use of IoT technology to identify the peaks and troughs of energy usage – providing insights into how much energy is consistently required and where savings can be made.
- Piloting of driver-less port handling equipment which can facilitate low-carbon transport opportunities.
- Building upon Harwich and the PoF to provide a test-bed for start-ups, such as the BT, Warwick University and Cambridge start-up Nu Quantum looking at encrypted 5G communications for driverless cars.
- Establishment of the Global Business Shipping Network (GSBN), a not-for-profit joint venture between Hutchison, several of the world's largest shipping lines and leading supply chain software suppliers to accelerate the digital transformation of the shipping industry through the use of blockchain technologies, enabling solutions across the entire supply chain to simplify global trade.

These initiatives, extended further through freeport-incentivized inward investment, will leverage the existing innovation ecosystem evident in the local area, most notably through the presence of BT at Adastral Park and Innovation Martlesham, the latter representing the largest Tech incubation cluster in the UK. The presence of these organisations and the infrastructure they support has been recognised as a High Potential Opportunity Location by DIT, which has meant that various embassies from across the globe have been hosted to discuss opportunities and investment. The inclusion of these organisations within the Freeport East boundary enables R&D activities to not only strengthen, but to play a key role in further promoting innovation clustering to actively drive growth within both the SELEP and NALEP areas.

Local Regeneration and 'Levelling Up'

Jobs growth and wider regeneration are central aims of our proposition. The freeport covers a very diverse section of coastal East of England, with pockets of significant income and employment deprivation that are the focus of large-scale regeneration efforts: 18% of LSOAs in Tendring and 14% of LSOAs in Ipswich were ranked among the top 10% most deprived in England in 2019 according to the English Indices of Multiple Deprivation, with four LSOAs in Tendring ranking among the top 1% most deprived areas in England and one area (Tendring 018A) ranking as actually the most deprived LSOA in the country.

Similarly, in terms of economic output, GDP per capita across the Suffolk and Essex Haven Gateway areas trailed that of both the broader East of England region and the whole of England in 2018, with GDP in Essex Haven Gateway at £25,800 (ranked 140th out of 179 local areas) per head compared to £31,980 across England.

Wage growth has been particularly weak in recent years, partly reflecting the rise of self-employment and less secure contracts, especially in lower skilled jobs. There are areas in the East of England with stark and significant disparities in income distribution. In Essex, for example, the gap between the wealthiest and most deprived places in the county remains very wide, with economic inactivity remaining particularly high in Tendring (26.5%) and Maldon (25.1%) compared to Essex as a whole (19.8%). In the UK, there have been increases in both the number of highly paid jobs requiring more skilled workers and less well-paid roles requiring low-level skills. This is only just starting to be mirrored in Essex, with a 5% drop in middle range occupations since 2004.

The prospect of economic inequalities deepening even further with consequent negative impacts on the wellbeing and health of communities is becoming ever more pressing with the very recent finding that the East of England region has experienced the largest rate of redundancy and furloughing as a result of COVID-19 in the country. Deprivation and income inequality must be tackled head on now and not left to future strategies and plans to pick up, with a risk that in the meantime it becomes even more deeply entrenched.

Freeport designation provides a once-in-a-lifetime opportunity to tackle deprivation and economic underperformance in new and innovative ways, for example by expanding and deepening a range of higher-value industry and sectoral activities, providing greater accessibility to higher income jobs and encompassing clear future-facing industry specialisations in energy, agri-tech and maritime logistics

Given the current circumstances, it is particularly important to consider the role that the Freeport would play in driving the recovery of the local economy following the COVID-19 pandemic. Favourable trading conditions at the Haven Freeport would help accelerate development and supply chain activity, providing a much-needed boost to the local economy which has been suppressed for the best part of a year. Since the start of the pandemic, employment levels across the country have fallen, particularly for those between the ages of 16-24 and 65+ where it has fallen by 7% (343,000 people). In addition to this, the number of people claiming unemployment related benefits increased by 1.4 million between March 2020 and November 2020¹.

The East of England has been one of the hardest hit areas of the country by the global pandemic. The rate of redundancy (the ratio of the redundancy level for the given quarter to the number of employees in the previous quarter) has been steadily increasing in the East of England, from 3.3 per thousand in March – May 2020 to 15.3 per thousand in September – November. This is up from 4.3 per thousand the previous year (2019) and is higher than the UK rate of 14.2 per thousand². The highest redundancy rates have been in the services sector, on which the regional economy is heavily reliant, as it has a strong financial services sector but is also active in manufacturing (e.g. automotive, pharmaceuticals) and ICT.

The East of England's economy is largely built on SMEs and micro businesses; unfortunately, many of these businesses are the ones that have been hardest hit by the pandemic and often do not have the ability to cope with the long-term upheaval that they have experienced over the past year. It is

¹ Coronavirus: Impact on the labour market. House of Commons Briefing Paper 18 December 2020

² Redundancies by age, industry and region: January 2021. Office for National Statistics

estimated that the pandemic could affect between 1-5% of the local labour force; local examples include Ipswich, where 3.4% of the total labour force have lost their jobs (2,518 jobs) and Colchester, where 3.7% of the total labour force have lost their jobs (2,473 jobs). These figures highlight that the furlough scheme is only capable of saving so many jobs, and the rate of redundancy will continue to rise in the East of England once it ends.

The economic damage of Covid-19 actually risks 'levelling down' many places in the East of England as its largest cities and towns have been disproportionately affected by the pandemic. Our initial estimates suggest that Freeport East, with fully developed and operational tax sites, could create up to 12,000 FTE jobs over a 30-year period – new jobs that would otherwise not come forward without the triggering incentives and innovative development associated with freeport status. The Freeport would therefore be a major tool in helping the sub-regional and regional economy recover well from the pandemic, building-in future resilience to the local economy and driving successful regeneration across the whole area.

Another important consideration is the dependency of other key economic centres across the UK on the production, maritime and logistics industries supported by the PoF. Felixstowe handles more container traffic for the Midlands and North than any other UK port, including ports located in those regions. A strong, innovative gateway demonstrably supported by Government through the Freeport policy will be vital in attracting investment in manufacturing and export-orientated industries in those regions, equally assisting them in their own levelling-up agendas. Consequently, the benefits of Freeport East in addressing deprivation extend, on a macroeconomic scale, far beyond the immediate 45km boundary.

Freeport East – Key Outcomes

The full development of tax sites associated with the freeport as well as increased trade at Port of Felixstowe and Harwich International Port could deliver more than 13,000 jobs over a 30-year period. The additional jobs generated are anticipated to disproportionately benefit the local population of the Haven Ports sub-region, with a significant portion of entry-level jobs creates which could provide employment opportunities for local communities and increase both levels of economic activity and household incomes.

Our freeport proposition overall therefore has potential to deliver the following outcomes:

- Up to an additional 1.3 million tonnes of international trade volumes as a result of incentivized increase in tradeable goods imports and exports
- Potential for £66.4 million of additional GVA as a result of enhanced international trade
- Up to around 13,500 additional jobs as a result of increased international trade and full activation of the freeport's designated tax sites, over a 30-year period.

Furthermore, these outputs and outcomes will support achievement of a series of broader impacts for the freeport area and surrounding sub-region

- Enhanced regional and UK-wide trade - improved competitiveness and investment attraction, as well as new FDI flows into the East of England, The East Midlands and the West Midlands
- GDP/GVA improvement and productivity enhancements across key industries such as Clean Energy, Agri-tech & food production
- Enhanced innovation capability, investments and products
- Deprivation alleviation through inclusive economic growth

- Significant job creation and improved access to economic opportunities
- Improved health and welfare status – reduction in socio-economic inequalities, especially for marginalised groups
- Improved urban/rural/neighbour-hood resilience
- Enhanced quality of place and environments
- Stable population and cohesive communities

[4149 words]

Considerable reduction required

DRAFT

3.1 Describe how the local authority will create an appropriate planning environment to ensure the quick and efficient delivery of the Freeport proposal, including delivery of key investment proposals within this bid?

Free text

750-word limit

Consider how certain planning freedoms – in particular, **Local Development Orders (LDOs)** – could be used to support appropriate development in Freeport areas. These measures would help accelerate and provide greater planning certainty for defined types of development in Freeport locations. Measures would also empower local authorities to take a strategic approach to Freeports development.

Bidders should provide evidence on how their development plans could be supported by an LDO.

Input from: Planning Working Group

Response:

In line with the National Planning Policy Framework, a strong emphasis will be placed on the accelerated delivery of proposals as part of this Freeport proposition to not only seek the benefits proposed as part of this bid, but to support the wider agenda for promoting sustainable development. The Local Planning Authorities of East Suffolk, Mid Suffolk and Tendring commit to the creation of a collaboration network, as overseen by the Supervisory Board of Freeport East. Through this collaboration network, the LPAs commit to ensuring a consistent approach across the sites and the provision of complementary advice to landowners as they progress development at the designated tax and customs sites, especially throughout the pre-application phase of the planning applications with agreements for timing of submission and determination. Early engagement and commitment from key statutory consultees will also take place to align resources.

Through this collaboration network, links will be provided to other stakeholders to align overall strategic visions. This may include organisations such as Transport East to further promote sustainable, joined-up development across the region whilst recognising the important role to be played by the presence of the freeport area. This strategic emphasis will continue in the development and review of Local Plans within which the Freeport East proposals will become embedded into the strategic priorities and strategy for economic growth across the area. Opportunities can be explored to further support the success of the Freeport through identifying specific sites and policies for complementary and supporting development types and uses, whilst capitalising on embedding the emerging higher development standards to achieve net zero carbon.

This will also seek to recognise the important role of freeport designation as a mechanism for promoting the delivery of housing sites as designated within the Local Plans. By providing a strong economic base and job opportunities with the region, Freeport East will assist in attracting new residents to the local area, with subsequent development interest and positive gains in the local housing market.

The local authorities will also work together to explore the potential to prepare LDOs for specific types of development on the tax and custom sites within the Freeport area, as a way of positively planning for development to support the freeport objectives, providing certainty and accelerating

delivery. In an area of high environmental quality, the focus will by necessity be on the sites where LDOs can provide the greatest additionality and the development impacts can be mitigated and managed through appropriate conditions whilst at the same time promoting economic, social and environmental gains for the area. This will require an early focus on the issues relating to individual sites in discussion with statutory consultees and the potential to simplify the planning regime to achieve the desired ends, whilst delivering high quality sustainable development.

Other mechanisms will also be implemented alongside LDOs enabling an accelerated approach to the granting of permissions to further ensure investor and developer security and to progress the implementation of development across the Freeport East area. This will build upon existing, long-standing relationships between landowners including HPUK and the local planning authorities with the provision of advice prior to the pre-application stage of applications. As is the case currently, additional resources to facilitate development at these sites will be provided by the planning authorities, along with the implementation of Planning Performance Agreements (PPAs). Another consideration will be the proactive review of legislation including permitted developments and associated criteria under the Ports Act 1991 to understand other mechanisms for accelerating the granting of permissions for sites already within the boundaries of Harwich International Port and the Port of Felixstowe (PoF).

These provisions coincide with the pragmatic approach taken to the allocation of tax and customs sites within the Freeport East proposal. Through the multi-criteria analysis undertaken to determine these, deliverability was considered at the forefront with planning status a key component of this. Consequently, the status of the proposed sites is as follows:

- Gateway 14 – Currently an allocated employment site with Outline consent with a new outline application for the whole site to be submitted imminently
- PoF Logistics Yard – Planning consent granted for first phase of the site
- Bathside Bay – Currently has permission for use as a container terminal, thereby requiring a change of designated
- Anzani Avenue site – Current planning permission for use as a distribution and storage facility

Whilst additional planning consents will be required, the current status of the main sites shows the deliverability of the freeport proposals, along with the commitment from the planning authorities recognising the importance of Freeport East as a nationally significant infrastructure project with extensive beneficial links to the local, regional and national economy.

[771 words]

3.2 Please outline the minimum viable version of your investment proposal, including costs, the sources of funding that will meet those costs (for any borrowing please identify who will undertake the borrowing), and the expected outputs/benefits.

Please show how you will make use of retained business rates.

Table

Summarise the costs of delivering the proposal, as well as the source of funding (e.g. Freeport seed capital), and bidding partner responsible for that cost. As far as possible this should be broken down by financial year. Also outline proposals for how to spend the seed funding within the Outer Boundary.

Input from: Commercial Working Group

Response:

Note: the table must be input to the online form in the following format, with an extra 50 words afforded to note the benefits expected.

3.2 Please outline the minimum viable version of your investment proposal, including costs, the sources of funding that will meet those costs (for any borrowing please identify who will undertake the borrowing), and the expected outputs/benefits. Please show how you will make use of retained business rates.

	Cost Description	Funding Source	Responsible Partner	2021/22 (£000)	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/30 (£000)
1								
2								
3								
4								
5								
6								
7								
8								
9								

3.3 Please outline your preferred investment proposal, including costs, the sources of funding that will meet those costs, (for any borrowing please identify who will undertake the borrowing) and the expected outputs/benefits.

Please show how you will make use of retained business rates.

Table

Summarise the costs of delivering the proposal, as well as the source of funding (e.g. Freeport seed capital), and bidding partner responsible for that cost. As far as possible this should be broken down by financial year. Also outline proposals for how to spend the seed funding within the Outer Boundary.

Input from: Commercial Working Group

Response:

Note: the table must be input to the online form in the following format, with an extra 50 words afforded to note the benefits expected.

3.3 Please outline your preferred investment proposal, including costs, the sources of funding that will meet those costs (for any borrowing please identify who will undertake the borrowing), and the expected outputs/benefits. Please show how you will make use of retained business rates.

	Cost Description	Funding Source	Responsible Partner	2021/22 (£000)	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025-30 (£000)
1								
2								
3								
4								
5								
6								
7								
8								
9								

3.4 Please provide evidence of the commercial demand for the relevant outputs under your proposal

Free text

250 word limit

Provide evidence related to demand for port services, as well as land-side and other real estate. Which sectors is this demand coming from and how will freeport status accelerate and embed this activity and investment?

Input from: Commercial Working Group

Response:

The Port of Felixstowe is the UK's largest container port and is the entry and exit point for a significant share of the UK's trade with Asia. Inbound and outbound trade with Asian markets (including China) has experienced expansive growth in recent years. Between 2018 and 2019, inward tonnage via Felixstowe from China grew from 4.7 million tonnes to 5.1 million tonnes (or 69% of the UK's total inward tonnage from China), indicating growing demand for port services. Felixstowe is also a vital entry-point for the resources underpinning the UK's automotive manufacturing and logistics/distribution industries, with 70% of inbound containers coming through the port delivered to locations in the 'Golden Triangle'.

The broader region's extensive freight rail and motorway infrastructure also contributes to not only the port's continued importance, but the large-scale demand for land from other sectors, such as higher education and renewable energy (set out in greater detail in response to question 2.2).

The percentage of TEU capacity at Felixstowe which is currently utilised is among the highest of any major UK container port, with expansion vital to meeting rapidly growing demand and competition with rival EU container ports such as Rotterdam, Antwerp and Hamburg.

Freeport status will safeguard the longer-term growth of both Felixstowe and Harwich by providing a financial incentive for enhancing infrastructure. This will secure continued global relevance and competitive advantage over other major European container ports, such as attracting trade to the Logistics Park and further incentivising the development of renewable energy industries in the area.

At the more immediate level, more than 20 letters in support of freeport designation have been received by the Haven Gateway Partnership from stakeholders as diverse as Siemens, Maersk, Northern Gas Networks and Ryse Hydrogen. This suggests very real commercial demand for freeport status.

[296 words]

3.5 Please tell us how you are modelling future income from locally retained business rate growth and how you will apportion it (of particular importance if your tax site crosses multiple local authorities).

250 word limit

Input from: Commercial Working Group

Response:

None of the proposed tax and customs sites cross local authority boundaries, although not all sites fall within the same local authority area. As such, an approach to apportionment of income across local authority boundaries is set out here.

Business Rate revenue will be apportioned based on a bespoke hybrid model. Under this model a portion of the total income generated will be earmarked for:

- reinvestment within the tax/ custom site area;
- a portion will be retained by the local authority within which the tax/ custom site falls, as a compensation for otherwise lost income share, and;
- a portion will go into a pot to be reinvested across the wider freeport area.

The hybrid model aims to provide a means for improving and enhancing tax/customs sites, while ensuring that the benefits of freeport status are distributed evenly across the area. The percentage breakdown of income apportionment between the different parties is yet to be agreed.

Business rate growth from new and existing businesses located in the tax sites will be modelled on existing income forecasting systems set out by local Councils. In the case of tax sites in East Suffolk, a pre-existing and established model currently applies to businesses located in Enterprise Zones. This approach would be modified to factor for regional variation in property values and would be applied to forecasting business rate income from new and forthcoming businesses located in potential local tax sites. It will be informed by:

- The size of the premises
- General use class
- Local property values

[252 words]

3.6 Please set out how you would make use of the innovation levers, including:

- ambition and initial ideas for how innovation funding could be delivered as part of your Freeports proposals, including any industry commitment to invest in innovative activity or the testing of new technologies in Freeports
 - plans to work with academic institutions and link into existing innovation structures where appropriate to establish Freeports as collaboration hubs
 - how you would look to take advantage of the Freeports Regulatory Engagement Network
-

Free text

750-word limit

Plus:

- industry commitments to invest in innovative activity
- clear understanding and awareness of the local innovation ecosystem and its priorities, as well as how to engage with it
- Plans to establish new facilities, or link with existing facilities that apply new technologies and research
- Submissions are particularly encouraged that relate to port operations, customs procedures or the testing of green technologies

Input from: Innovation Working Group

Response:

The initiatives listed elsewhere in this bid reflect the culture of innovation already present within the freeport area and associated business activities contributing to the strength of the local innovation ecosystem. Freeport status will further build upon the strong foundation of innovation already at work, thereby leveraging the status to further enhance these. This recognises the four grand challenges stated within the UK Industrial Strategy and the potential for Freeport East to align with these, namely Artificial Intelligence and data, clean growth and future of mobility. As outlined in Question 2.2, innovation proposals for Freeport East will focus on:

- Development of a Green Hydrogen Hub for the creation and deployment of hydrogen;
- Establishment of additional renewable and low-carbon energy sources, including offshore wind capabilities; and
- Creation of a digital port, leveraging technologies including 5G, blockchain and artificial intelligence.

The commitment to innovation is underpinned by the 5G Create £1.6m award, bolstered by significant investment (£1.5m) directly from Hutchison Three UK and Hutchison Ports UK. Partnering with the University of Cambridge, the ambition to deliver an end to end efficient logistics solution, underpinned by an automated port operation and IoT capabilities will extend well beyond the Port boundaries. Hutchison Ports plan to further invest in 5G beyond the end of the trial creating a unique 5G enabled Port Operation that will enable further innovation from Freeport partners and local SME's. As Hutchison Ports continues to push technological boundaries globally, Freeport East will be able to benefit from the latest innovations, including driverless trucks, encouraging a new era of innovation and manufacture of the associated components here in the UK, and an established centre in which to further develop these for the UK market.

To further pursue activities to align with these, the Freeports Regulatory Engagement Network (FREN) will be utilised. Collaboration with the FREN will enable execution of ideas not only within a port setting and for delivery within the freeport but will facilitate the refinement of technologies for export to other sectors such as residential or commercial. Importantly, this will also seek to work collaboratively with other freeports across the country to share key findings and to enhance innovation potential. Immediate considerations to accelerate with the FREN include:

- Review of issues surrounding hydrogen, including perception barriers to its wider adoption. This will also consider issues associated with storage and transmission to align with proposals to become apparent within the Government's forthcoming Hydrogen Strategy, along with providing an environment for testing the implementation of the proposed 'Hydrogen Neighbourhood' noted within the Energy White Paper 10 Point Plan.
- Considerations of data security via 5G networks and ways to enhance reliability, leveraging off previous work undertaken between HPUK and the University of Cambridge.
- Resolution of issues associated with connected autonomous vehicles (CAVs) through technology trials to be used within a port setting to then be applied to other types of vehicles, leveraging research by Teledyne e2v in the Freeport East hinterlands and their existing relationships with BT at Adastral Park.
- Consideration of the further development of driverless ships, linking with current developments in Essex with companies such as Servo Watch.
- Delivery of low-carbon technologies to facilitate the decarbonisation of the shipping industry, including through cold ironing solutions to be implemented for large vessels at the PoF.
- Review of measures to modify the existing sophisticated Port Community system for application to Freeport East, utilising learnings from the PoF Destin8 platform which enables the exchange of information between terminal operators, shipping lines, shipping and forwarding agents and hauliers, as well as being directly connected to HMRC (CHIEF – Customs Handling of Import and Export Freight), the Port Health Live Interactive Information System and DEFRA.

This will be bolstered by the existing relationships with key academic institutions and members of the local innovation ecosystem to cement Freeport East as a collaboration hub, as highlighted through the letters of support received by relevant organisations including:

- University of Cambridge;
- Anglia Ruskin University, in collaboration with the University of Liverpool;
- BT at Adastral Park;
- Innovation Martlesham; and
- University of Essex nationally recognised Institute for Analytics and Data Science.

This coincides with opportunities identified through the potential provision of Freeport status which has enabled new partnerships and opportunities for collaboration to be identified with the following organisations including:

- University of Birmingham;
- Cranfield University;
- Brunel University;
- University of Suffolk;
- Aston University;
- Colchester Institute;

- West Suffolk College;
- Suffolk New College;
- Bacton ? College?

Using the freeport status as a magnet for attracting specialised activity, Freeport East will be able to facilitate initiatives to ensure they are 'market ready', linking great ideas, start-ups and academic institutions with the industry expertise to make them a reality. This will also leverage the vast array of businesses associated with HPUK, as the largest foreign investor in the UK.

Additional funding for innovation will also be sought through streams such as:

- Sunrise Coast (under Future Clean Energy Tech);
- Commercialising Quantum Technologies, to be applied to work aligning with the driverless car pilot programme;
- Smart Grants;
- Angel funds, as available within Suffolk, Essex and Cambridge; and
- Additional funding streams to be identified through the upcoming release of information stemming from the Energy White Paper.

The streams listed above are in addition to numerous others already applied for and awarded, including the £1.6 million via 5G Create, recently awarded for the roll-out of the Government's 5G Trials and Testbed Programme at the PoF in collaboration with Three UK, Cambridge University and Blue Mesh Solution.

In addition to these funding streams, numerous discussions have been had with an energy-based venture capital fund. Whilst the details of this are to be finalised once designation is received, the keen interest in Freeport East demonstrates the potential of the proposals. This will build upon existing relationships with these departments and will reinforce the Freeport East vision of both promoting and supporting innovation in the local area.

Most importantly, this focus upon innovation and the opportunities this will create through subsequent collaboration will align with the objectives of both NALP and SELEP in providing tangible examples of the enhancement of local R&D capabilities.

[860 words]

3.7 What considerations and mitigating actions will be taken into account for potential negative externalities (including the displacement of local economic activity from nearby deprived areas) affecting your site and/or the surrounding area resulting from the introduction of the Freeport? Reference your answer to 1.17 if appropriate.

Free text

250 word limit

Explain how displacement will be minimised and/or avoided. Important here to talk about the 'value addition' of the freeport and the potential to enable new forms of economic activity by extending and deepening industry value chains etc

Response:

Potential negative externalities arising from the designation of Freeport East include impacts to the local environment, traffic effects and economic displacement. These are elaborated on as follows:

- Economic displacement and crowding out of local business – mitigation will include: careful selection of target industry sectors that will enable new business development locally via extending local supply chains and deepening of industry value chains (e.g. in Renewable energy); skills development programmes specifically targeting relatively deprived communities and providing pathways into new opportunities generated by freeport status (focus on renewable energy, technology, logistics etc). Overall focus on additionality
- Additional traffic/congestion – mitigation will include traffic management planning, as well as gradual movement to electric and hydrogen powered vehicles; also advocacy and business case for additional/relieving transport infrastructure where necessary
- We are working with Network Rail, the Freight Operators and cargo owners to increase the intermodal capacity by having longer trains as well as increasing available train paths on the network. We welcome the Government's funding for the Ely junction upgrade as well as the newly announced East West Rail.
- Stemming from the issue of increased vehicle movements is the potential for additional environmental impacts, namely air quality decline. This will be mitigated through the application of the HPUK Air Quality Management Plan which highlights numerous processes to monitor and proactively improve performance. This builds upon a legacy of ensuring positive outcomes, such as the revoking of an Air Quality Management Area by East Suffolk Council at the Port of Felixstowe following collaboration with HPUK to reduce emissions.

3.8 Please describe how your Freeport proposal will support the delivery of the UK's Net Zero ambitions

Free text

500 word limit

Reference to the following:

- a. Making sure that carbon impacts of on-land freight distribution are minimised
- b. Making sure that vessels using the port operate in a low-carbon manner (e.g. reducing use of fossil fuels)
- c. Ensuring any construction work is sustainable or low-carbon
- d. Increasing use of low-carbon power within the Freeport
- e. If applicable, promoting the use of technologies like carbon capture and storage, and low-carbon hydrogen

Input from: Innovation Working Group

Response:

A combination of existing and proposed initiatives will ensure that the freeport can play a critical role in meeting the national government's Net Zero by 2050 ambitions at the local, operational level, along with leading the way in accelerating the uptake of sustainable technology and practices.

Through the innovation levers to be gained from freeport status, Freeport East will aim to:

- Create the PoF Hydrogen Hub, producing green hydrogen for use both within the freeport and externally;
- Emphasise sustainable transport for both freight movements and internal port handling, such as identifying the potential for connected autonomous vehicles (CAV), low-carbon fuels and modal shifts and aiming to transition from road to rail freight transportation;
- Leverage the presence of forthcoming active nuclear power stations at both Sizewell and Bradwell sites to induce further global investment; and
- Implement a cold ironing solution for container ships, reducing energy consumption and making the Port of Felixstowe the first port in the UK and the second in Europe to implement this.

Importantly, these initiatives provide tangible responses to the Government's Energy White Paper thereby demonstrating implementable actions whilst exploiting the strategic importance of the East of England geography in renewable energy generation, already the home to the largest concentration of offshore wind potential in the UK, as elaborated on within Question 2.2, along with extensive nuclear capabilities.

Whilst bespoke initiatives will support the clean energy agenda, construction phases pertaining to these will also seek to be BREEAM certified, thereby further supporting the industry in their ability to promote low-carbon construction. This will be linked to the NALP and SELEP agendas to be 'Green Pathfinders' along with the climate emergencies declared by Tendring, East Suffolk, Colchester and Babergh and Mid Suffolk. Furthermore, this will leverage the existing i-Construct programme by the Haven Gateway Partnership which will seek to not only incorporate SMEs into this process, but to further enhance local skills in sustainable construction processes.

Freeport East also has a broader role to play in enabling the wider UK to achieve its plans for a net-zero society, as many of the products and technologies needed to facilitate this are manufactured abroad and imported. Using existing international connections, Freeport East has an opportunity to facilitate post-Brexit trade in these goods with both Asia and the European continent, along with enabling more opportunities for these companies to move manufacturing jobs to the Freeport East site in the UK. Key examples include:

- 69% of air source heat pumps and 59% of ground source heat pumps are imported with the majority of these from the EU, China, South Korea and Japan. The UK ambition is to grow this market over the next decade, from 10,000 annual installs to 600,000 annual installs by 2030, therefore are dependent on the ability to import these.
- UK solar capacity is expected to increase from 13GW now to 85GW by 2050. This will be dependent on a significant increase in photovoltaic panels, which are imported from Asia and North America.
- Importation of specialist building materials, namely from the EU, as required to allow for extensive retrofit programmes. This is particularly relevant to materials required for insulation (ie. woodfibre) and other products required to achieve building standards such as PassivHaus.
- Growth of hydrogen supply chain through increased regional interest and need for supporting infrastructure such as fuel cells, boilers and vehicles.

In combining the sustainable ambitions within the port, along with recognising the importance of the products it processes to the achievement of wider national ambitions, the Freeport East proposition will be integral to the UK government's net-zero ambitions.

[594 words]

3.9 Please explain how your proposals will ensure compliance with all applicable environmental regulations and standards

Free text

250 word limit

Input from: Planning Working Group (plus HPUK contacts)

Response:

The existing operations at the Ports of Felixstowe and Harwich are delivered within an accredited ISO 14001 Environmental Management System to ensure compliance and to promote best practice in accordance with applicable industry standards. Through this accreditation, regulations relevant to air and water quality, waste management and the protection of specific sites and species are managed and complied with, along with being regularly monitored and externally audited. This coincides with extensive Health and Safety management for risks involving the handling and use of chemicals.

The ISO14001 accreditation also includes commitments to proactive and positive relationships with key organisations including:

- International Maritime Organisation;
- DEFRA, including the Animal and Plant Health Agency (APHA);
- The Environment Agency;
- Natural England;
- Local Authorities; and
- Safety and Marine Departments for the enforcement of:
 - Dangerous Goods in Harbour Areas Regulations [2016];
 - The Pollution Prevention and Control (England and Wales) Regulations [2000];
 - The Environmental Protection Act 1990; and
 - The Merchant Shipping (Oil Pollution Preparedness and Cooperation Convention) Regulations 1998.

The development of Freeport East will continue to promote environmental compliance and best-practice with key measures to be identified through the undertaking of an extensive Environmental Impact Assessment following designation. This will place an emphasis on ensuring the area is bio-secure and that the Governance Board and delegates will proactively work with APHA to ensure SPS regulations are adhered to. This will seek to build upon the existing expertise of East Suffolk's Port Health department which currently oversees compliance at both Harwich and PoF and is one of the largest and most experienced Port Health teams in the UK.

[264 words]

3.10 Please outline the expected impact of your proposal on people with protected characteristics, using statistics where possible.

Free text

250 word limit

Explain how freeport status will advance the equality of opportunity and fostering of good relations for people of protected characteristics (age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation).

Input from: Planning Working Group

Response:

Freeport status will seek to capitalise on future facing industries. Fundamental to this transition is the emphasis on attracting people into these 'industries of the future', with a key opportunity being the development of unique programmes and initiatives to encourage people into these employment opportunities, particularly those who may not have previously been included, or indeed 'left behind' by traditional workplaces.

Stemming from the positive nature of the Freeport East proposal and the employment and economic opportunities it seeks to afford, the diversity and inclusion policies upheld by organisations including Hutchison Ports and the local authorities included as part of this submission will form a critical foundation to the harnessing of opportunities related to the freeport. Drawing upon the 'Improving Diversity and Inclusion at HPUK' corporate paper, the HPUK ambition is to 'become a diverse and attractive employer, representative of the local population, with a strong employer brand'.

The activities of Freeport East will uphold this statement, thereby reflecting the unique makeup of the local area, whilst ensuring impacts to any particular groups are avoided.

Furthermore, local authorities have processes in place to undertake Equalities Impact Assessments with recent examples undertaken at both East Suffolk and Tendring District Councils. Through the use of these assessments, if any additional negative impacts might be identified as part of the Freeport East proposal, these can be addressed accordingly.

[225 words]

3.11 Describe the governance arrangements for the delivery of the Freeport proposal.

Free text

750 word limit

Take into consideration:

- accountability structures and processes
- effective structure
- effective personnel
- effective functions
- capacity building and funding/support

Input from: George Keiffer (Haven Gateway) & Clemence Cheng (HP)

Response:

Freeport East will have a two-tier governance arrangement, comprising a Supervisory Board and a Management Board.

The **Supervisory Board** will be responsible for the strategic direction of Freeport East development and for monitoring and holding to account the Management Board for the effective delivery of the interventions and strategy and for receiving assurance about the effective management of the physical and fiscal security aspects of Freeport East. It will ensure that appropriate mechanisms are in place for the application and management of public funding through an accountable body, such as a County Council, which will hold all public money.

The **Management Board** will be responsible for the day to day operation of Freeport East and the discharge of its obligations regarding security, crime prevention and for executing the strategy agreed by the Supervisory Board under delegated powers. It will be responsible for submitting regular reports to Government.

The **Supervisory Board** would be composed of a Chair, recruited through an open and transparent process and subject to the Nolan Principles of Public Life, the Chief Executive of Freeport East and seven non-executive directors. The non-executive members of Supervisory Board are nominated by the stakeholders on the basis of their knowledge and experience and in the case of local authorities to provide democratic accountability:

- Chair – an independent appointment as an ambassador for Freeport East with particular emphasis on attracting inward investment
- Chief Executive Officer
- 2 non-executive directors appointed by Hutchison Ports UK Ltd representing the Port of Felixstowe and Harwich International Port
- 1 County Council elected member (Essex or Suffolk County Councils), with the other County Council member as an alternate board member and switching biennially
- 1 District Council elected member (East Suffolk or Tendring District Council) with the other member as an alternate board member and switching biennially
- 1 representative of commercial organisations operating within the Freeport
- 1 HE representative with responsibility for the Board's Innovation Strategy (Cambridge University/University of Essex)

1 representative of the LEPs (New Anglia or South East LEP) with the other LEP as an alternate board member, (subject to any conflicts of interest arising as a result of successful bids)

The Supervisory Board will have the power to constitute committees and task and finish groups under the chairmanship of one of its members to cover specific areas (inward investment, innovation, skills, etc)

All Supervisory Board members will be actively engaged in attracting investment and ensuring that the strategy for doing so is linked into the work of their own organisations.

Decisions of the Supervisory Board shall be by consensus and unanimity and a scheme of delegation shall be devised for the Chair and Chief Executive and approved by the accountable body.

Local Members of Parliament (for Suffolk Coastal and Harwich & North Essex) shall have the right to attend meetings of the Supervisory Board and shall be bound by rules covering commercial confidentiality. Departmental representatives (HMT, MHCLH, DIT) shall have similar rights.

The **Management Board** will be made up of a small team of executives reporting to the Chief Executive Officer responsible for the delivery and subsequent operation of the Freeport but also to support some of the functions of the Supervisory Board, and will include the following executive functions:

- An executive responsible for tax oversight and liaison with HMRC, customs issues and security and reporting to the accountable body in respect of any public funding received
- An executive responsible for land use planning
- in close liaison with the landowners, including HPUK, liaison with Highways England, local Highways Authorities and Network Rail
- An executive responsible for inward international investment and economic development

The members of the Management Board may not be sole function executives but may be senior managers whose day-to-day activities already cover some of the responsibilities outlined above.

Corporate structure

It is proposed that Freeport East adopt a formal corporate structure as a company limited by guarantee (FPE) with a membership of businesses, institutions and organisations with a demonstrable and evidenced interest in the activities of Freeport East. This will widen both the reach of Freeport East into local business communities and will ensure that the project receives the widest support for its success. Membership of FPE will also extend to local authorities which may have an interest in the success of Freeport East on behalf of their working residents or local businesses but may be outside the immediate curtilage of Freeport East.

The members of FPE will be responsible for the appointment or renewal of Board Membership of the Chair and of the Chief Executive, It will meet at least once annually to receive the performance report of the delivery of the Freeport East strategy at an Annual General Meeting which shall be open to the public.

[783 words]

DRAFT

3.12 Please describe the management arrangements for the delivery of the Freeport proposal, this should include any key staffing appointments.

Free text

250 word limit

Input from: George Keiffer (Haven Gateway) & Clemence Cheng (HP)

Response:

The **Management Board** will be responsible for the day to day operation of Freeport East and the discharge of its obligations regarding security, crime prevention and for executing the strategy agreed by the Supervisory Board under delegated powers. It will be responsible for submitting regular reports to Government.

The **Management Board** will be made up of a small team of executives reporting to the Chief Executive Officer responsible for the delivery and subsequent operation of the Freeport but also to support some of the functions of the Supervisory Board, and will include the following executive functions:

- An executive responsible for tax oversight and liaison with HMRC, customs issues and security and reporting to the accountable body in respect of any public funding received
- An executive responsible for land use planning in close liaison with the landowners, including HPUK, liaison with Highways England, local Highways Authorities and Network Rail to ensure delivery of sites at speed
- An executive responsible for inward international investment and economic development, supported by the partners existing connections.

The members of the Management Board may not be sole function executives but may be senior managers whose day-to-day activities already cover some of the responsibilities outlined above.

Hutchison Ports UK is a signatory to the 'Commitment to Sustainable Freeports' published by the UK Major Ports Group, covering environmental, social and economic sustainability as well as being a guarantor of security and integrity for the operation of the Freeport.

[240 words]

3.13 Please provide a risk assessment of the barriers to implementation of your proposal.

Free text

250 word limit

Outline potential risks related to the implementation plan and how these will be mitigated.

Response:

Key risks include:

- Delays in development of customs site(s)
 - Mitigation - Customs sites have been selected specifically for their existing operability and deliverability within tight timescales
- Delays in development of tax site(s)
 - Mitigation - Tax sites have been selected specifically for their existing operability and deliverability within tight timescales
- Cross boundary nature of the freezone – increasing complexity of governance and decision-making
 - Mitigation - Cross-boundary partnerships have been in place for some time and work well, facilitated in part by the relevant LEPs and the Haven Gateway Partnership
- Local support and buy-in
 - Mitigation - Strategy/programme for local communication. Freezone website available with comments/dialogue facility
- Distribution of retained business rates
 - Mitigation - Simple mechanism based on tax site location
- Economic displacement
 - Mitigation - Careful targeting of industry-sector activity that represents economic 'additionality' (see previous questions)
- Diversification of trade routes/partnerships/imports/exports
 - Mitigation - Targeted marketing of freeport benefits and associated investment propositions towards industrial sectors/investors in East Asia focussing on renewable energy and advanced/digital technologies

[168 words]

3.14 Please describe your Monitoring and Evaluation plans

Free text

250 word limit

Explain how data will be collected on reliefs and their realised outcomes, including monitoring the effectiveness of tax. Provide details on the plan for collecting this data.
This should include a point of contact, resourcing and funding to collect data in Freeports.
Relates to governance section.

Response:

Overall responsibility – Freeport East Management and Supervisory Boards

Key metrics:

- Import volumes (in target sectors/goods/locations)
- Export volumes (in target sectors/goods/locations)
- New investment volumes
- New infrastructure development
- FDI inflows
- New business formation – international origin + local/sub-regional origin
- New jobs created – total/additional
- Jobs accessed by residents of deprived communities
- Business rates retained locally

Quarterly & annual reporting

End of year 3 – interim evaluation – tendered externally and conducted independently

[66 words]

To be finalised alongside implementation plan

3.15 Please upload an Implementation Plan covering milestones, timelines, critical interdependencies, and sequencing. This could take the form of a pictorial diagram, Gantt chart, timeline, flowchart or other graphical representation.

Upload 1 side legible at A3

50MB

Response:

To be presented at Project Board meeting on 29/1/21

DRAFT

4.1 Please describe the main investments you will make to deliver the Freeport, including requests for Freeports seed capital, council borrowing, private investment and any other strategically aligned public investment made by the LEP, council or national government.

Free text

250 word limit

Freeport East will result in a total of **£874m** of investment in new infrastructure, of which only **[x]%** is proposed to be seed funding. Specific details on the size and source of each proposed investment can be found in our Implementation Plan. This includes:

- **£670m of private investment** in the Bathside Bay development, which will deliver a state-of-the-art deep sea container port to increase the UK's competitive advantage against the continental North Sea ports and provide logistics and manufacturing space in a new tax and customs zone
- **£110m of private investment** in the Felixstowe Logistics Park, providing 130,000 square metres of modern logistics and industrial space in a tax and customs zone
- **£36m of council investment (tbc – phase 2??)** in Gateway 14, providing a 215,000 square meter commercial and logistics park in a tax zone
- **£xm of private investment** in innovative solutions to delivering net zero ambitions, including a hydrogen production hub, trialling hydrogen fuelled vehicles and providing cold ironing access for vessels at Felixstowe
- **£xm of private investment** in new digital infrastructure and management capability to operate Freeport East.

To support this, we are proposing the following seed funding activities:

- **£7.4m** in site preparation works and internal road upgrades to facilitate the development of the Felixstowe Logistics Park
- **£3.5m** in compensatory land works necessary to allow the **£670m** Bathside Bay investment to go ahead
- **£xm** in site preparation works for an upgrade to the substation serving Felixstowe, required to facilitate the logistics park, hydrogen demonstrator and cold ironing project
- **£xm** in site preparation works for the hydrogen demonstrator project, which will facilitate up to 25 MW of hydrogen electrolysis capacity to fulfil green energy demand

[276 words]

Figures to be finalised and updated with latest version of implementation plan

4.2 Please detail any complimentary investments that have been secured over the past 5 years or are currently under consideration from external funders, that support the delivery of your proposal.

Free text

1000-word limit

Investment in Freeport infrastructure and the surrounding area is vital for the efficient operation of the various activities required to maintain onshore enterprise and manufacturing. The success of a Freeport hinges on port design, access to transport infrastructure, skilled labour and capital within the zone in question.

The area within Freeport East has seen a raft of investment since 2016, with more investment planned. This includes direct investment in the development and expansion of the two ports as well as capital investment in land development, enterprise and transport infrastructure in the wider sub-region. The level of recent investment demonstrates the existing appetite in the area. The implementation of Freeport East would add the necessary impetus to create a truly global gateway and a catalyst for wider economic growth. Freeport designation would allow the two ports to build on a strong investment base and intensify port operations, increase import/export volumes and improve supply chain visibility and resilience.

Port infrastructure

The Port of Felixstowe and Harwich International Port are owned and operated by Hutchison Ports, a subsidiary of CK Hutchison Holdings Ltd (CK Hutchison Group) with an unparalleled track record of foreign investment in the British ports and distribution industry. Freeport East builds on the investment that CK Hutchison Group, the UK's largest inward investor, has made since 1991 in Felixstowe. In addition to CK Hutchison Group, the proposal brings together a team of major companies and international investors, working closely with local authorities to create a new investment and innovation opportunity for the UK.

Since 2016, CK Hutchison Group has invested £118 million into various maintenance and improvement programmes at the Port of Felixstowe, and £1.8 million into Harwich International Port. These investments have included but are not limited to:

- Maintaining quays
- Increasing handling capacity for mega vessels
- Adding berth storage capacity
- Replacing vehicle fleet
- Replacing and improving technology

Separately, a harbour and channel improvement project of £100 million at Harwich is currently out to tender. This will be a channel deepening project carried out by Harwich Haven Authority, principally benefitting the large container vessels that call at the Port of Felixstowe. The channel deepening will also widen the tidal window during which the vessels gain access to the berths and so reduce congestion and improve the passage of vessels to Harwich International Port and the Port of Ipswich. Reducing congestion will in turn lead to the reduction of emissions, thereby contributing to the carbon reduction agenda.

The project is fully financed by Harwich Haven Authority and has been consented by the Marine Management Organisation, and while this significant investment is not contingent on Freeport status, the designation would accelerate its delivery. With regards to central government funding, both ports recently received a sum of money from the recent Port Infrastructure Fund to aid preparations for a post-Brexit trading landscape. Felixstowe was awarded £13 million while Harwich was awarded £22.9 million, with the funding planned for the construction of inspection facilities ahead of new Brexit border checks on EU food, plant and animal imports from July.

It is evident that there is a significant amount of investment being delivered at the two ports, and a real intent to enhance port capabilities so that it can be a truly global trading hub. It is critical that port throughput is not the only consideration but also port infrastructure quality and logistics resilience, and these recent programmes of investment will allow the ports to manage the necessary expansion of activity that would accompany Freeport status, particularly as it looks to develop new and existing trade links outside Europe.

Land development and business development/enterprise

The aspiration for the redevelopment of Gateway 14 is to create a Business and Enterprise park with a mix of uses including business, logistics and commercial accommodation, generating thousands of job opportunities. This will include an 'Innovation Centre' focused on research and development uses, estimated to generate circa 1,403 – 4,826 net direct full-time jobs and encourage further significant investment in the area. In terms of investment, Mid Suffolk District Council paid £19.25 million to purchase the site and have allocated £17 million to pay for the infrastructure required to unlock the site and bring forward Phase 1 of the development. This £37 million has all been financed from Local Authority borrowing.

All of the funding has been identified for the delivery of the main scheme, so any additional funding from the Freeport Seed Capital pot could be spent on helping to deliver the zero-carbon ambition for the site. Mid Suffolk DC would also use some of the Seed Capital to progress plans for a business-led, skills and innovation centre on site to ensure this is delivered as early in the programme as possible. This would help them to develop a strong cluster of businesses in the Agri-Tech, food manufacturing and ICT sectors, which are key targeted sectors within this Freeport proposal.

In a game-changing development for UK supply chains, Uniserve is set to add a giant £90 million, 750,000 sq ft ambient and freezer distribution centre less than a quarter of a mile from the Port of Felixstowe. The significance of 'Felixstowe Mega DC' is that it will make port-centric logistics at scale a reality for businesses moving cargo through the Port of Felixstowe. The fulfilment centre is due to open its doors in the second quarter of 2021 and will house state-of-the-art facilities enabling maximum flexibility to accommodate customer requirements across a broad range of sectors and commodity types.

Outside of the ports and accompanying tax sites, a £250 million investment in the form of a North Felixstowe Garden Neighbourhood is currently being proposed by East Suffolk Council, which is a leisure-led development anchored by the construction of a new Leisure Centre. This will include the development of 2,000 new homes across multiple sites and a commercial hub with an estimated footprint of 2.59ha. This, alongside the creation of a new business unit facility complementing existing private sector business development on the South Seafront are important complementary investments as integrated and sustainable development is critical if the scale of port operations continue to rise.

In addition to this, Tendring District Council is actively working to grow the District's economy and its associated business base by investing in a range of business support products in order to encourage and foster economic growth through enhanced and focussed business activity. As part of its approach, the Council has ambitions to establish a £2m Covered Market and Workspace facility in Jaywick Sands for which it has secured funding via SELEP under the Government GBF scheme.

Transport infrastructure

The benefits of investing in inland transport infrastructure are not limited to time-saving benefits, as improved freight services serve to contribute to growing trade, improved labour supply and technical diffusion. The competitiveness of the port will be at least partially determined by the quality and efficiency of the services that support it and complete the chain of freight transport i.e. shipping, logistics, and haulage activities. The ports provide a key international gateway to a national hinterland; however, connectivity issues exist and there is a need for greater resilience and capacity on key strategic road and rail corridors in East Anglia, including the A12 and A14.

The £1.5bn A14 Cambridge to Huntingdon improvement scheme includes a major new bypass to the south of Huntingdon and upgrades to 21 miles of the A14, opening to traffic in May 2020. The A14 is a vital road transport corridor between the West Midlands and East Anglia, and is of local, regional and national significance. In particular, the section between Huntingdon and Cambridge carries approximately 85,000 vehicles per day, 26% of this being HGV traffic (against a national average of 10%). The significant enhancement of this strategic route will enable the road to handle freight movement to and from the ports with much less disruption.

Suffolk County Council are about to start consultation on a Major Road Network project on the A12 to the east of Ipswich. This would see improvements between the A14 Seven Hills junction with the A12 and the Woods Lane junction at Woodbridge. This complements the HIF funding (£19.7m) allocated for transport infrastructure to support housing delivery at Brightwell Lakes adjacent to BT's Adastral Park. The package of MRN improvements is approximately £50m, providing increased capacity and improvements for sustainable modes of transport.

Highways England are funding the £1.04 - £1.27bn A12 Chelmsford to A120 widening scheme, beginning construction in 2023-24 and due for completion in 2027-28. The road is part of the strategic road network and supports the national and regional economy by connecting Felixstowe and Harwich ports to London. Projected growth in population and local development in the area will add pressure to the existing peak traffic levels and further disruption over the wider area. The ports cite the North and the Midlands as important markets; however, this significant project will bolster the ports' unparalleled connection to London and facilitate the more reliable movement of goods and labour.

Further recent examples of road infrastructure investment in the surrounding areas include:

- £3.25m A133 Colchester to Clacton Route Improvements
- £9m Hare Green Roundabout Upgrade
- £4m A12 Concrete Surface Repairs and Maintenance
- £5m Highways Drainage and Surfacing Works in Jaywick

In addition to road infrastructure, there has been significant investment in the national rail network serving the area within our Freeport proposal. Network Rail's Ely area capacity enhancement (EACE) programme is a portfolio of extensive infrastructure enhancements with the fundamental aim of upgrading the railway in Ely such that it can meet the future demand for more rail freight between

the Port of Felixstowe and the West Midlands and the north to support sustainable, long-term economic growth. The connections between the Freeport, and Felixstowe in particular, will be critical to facilitating supply chain activities and the movement of goods. Connectivity and reliability improvement schemes such as this will help to ensure that economic benefits are not only felt at a local level but also transmitted into the wider economy and UK plc.

As part of the latest Greater Anglia franchise agreement, £1.4 billion is being invested into an entirely new train fleet that will improve the quality of services into London Liverpool Street from Essex, Hertfordshire, Cambridgeshire and Ipswich, as well as bring journey time reductions from the 2021 timetable revision. Greater Anglia has also been granted planning permission to build a workshop to maintain its new suburban trains on the outskirts of Harwich. If delivered, this would be a significant investment in the Harwich and Parkeston area, securing jobs for residents and opening up new skills pathways for the young population. The plans demonstrate that the district is open for business and ready to support further development proposals at Bathside Bay as part of Freeport East.

Regeneration

Essex County Council and Tendring District Council have jointly committed to investing £20m to secure the regeneration of Clacton Town Centre in the next five years. The investment will deliver a range of projects including Highways and Sustainable Transport improvements to enhance access to the Town Centre from across the District as well as open up access to employment, skills and social opportunities for Clacton residents. Investments will also support the redevelopment of several anchor developments in the town centre with new high-quality commercial, retail, skills and residential spaces creating a vibrant, mixed-use place for residents and visitors to enjoy. Projects are currently in the final planning stages with construction commencing in 2023.

Ipswich Borough Council are also seeking to regenerate their town centre to boost economic productivity and support sustainable growth. The Council has submitted a bid to the Towns Fund for almost £29 million across 12 projects targeting short and long-term development, with a focus on generating jobs and improving skills levels and wages in the area. Despite being further inland from the ports, Ipswich's location on the A14 corridor has led to the presence of numerous port-related companies occupying employment land along this strategic corridor. The town is in the top 20% most deprived areas nationally, and so the expansion of port-related industry along these strategic corridors would align with the Freeport's ambitions to extend its impact beyond the immediate districts and address pockets of deprivation in the wider region such as in Ipswich.

[2036 words]

[Answer is currently over the word limit – prioritising including all examples provided and then will streamline after feedback]

4.3 Describe the primary types (including size and sector) of business:

- That are part of your bid
 - That you will aim to attract
-

Free text

500 word limit

What are the target/priority sectors for the freezone area and why? Why are they likely to invest in the area and expand as a result of freeport status?

Response:

The core benefit of a Freeport is to develop an industrial ecosystem. Building on best practice from free ports and logistics zones globally, it is crucial to focus on key sectors to create economies of scale and synergy across the value chain. This allows maximisation of the value-adding benefits of customs sites. To deliver this, we are targeting sectors that meet the following characteristics:

- Opportunities to add significant value at several stages across the value-chain within the Freeport boundary
- Alignment with UK net-zero ambitions
- Synergies with existing innovation activities and skills within the Freeport boundary
- Opportunities to develop export potential

Below we provide two examples of industrial ecosystems aligning with the above criteria that we intend to develop as part of our Freeport proposition.

Hydrogen

The BEIS Energy Innovation Needs Assessment for hydrogen and fuel cells states that business opportunities associated with export of hydrogen generation equipment and stationary fuel cells may add £0.5 billion to GVA and 3,600 jobs per annum. Freeport East will be at the centre of this growth. We intend to develop a hydrogen ecosystem through our Green Hydrogen Hub that covers the full hydrogen value chain and provides the necessary demand that underpins investment.

Offshore

The UK is the world's largest market for the development and deployment of offshore wind. Before 2030, £16bn of capital expenditure is anticipated in East Anglia ONE North, TWO and THREE, Norfolk Vanguard and Norfolk Boreas). This is 35% of total investment in offshore wind in the UK – the East of England is at the heart of this industry. We intend to develop a renewable energy supply chain that maximises the proportion of this £16bn that is invested in the UK.

Nuclear

[Forthcoming]

Our Value Chain Proposition

Innovation

The starting point for all new technologies is innovation. With the exceptional innovation set up within the Freeport (see question 3.6) and tie-ins to the high value advanced manufacturing

opportunities highlighted below, we will dedicate space to leading research, testing and demonstration facilities.

Manufacturing

Our tax and customs sites will provide the beneficial business environment to attract leading hydrogen production equipment manufacturers and offshore wind generation and cabling OEMs. This is backed up by letters of support from ITM Power, a UK based manufacturer of autonomous modular electrolyser systems and Siemens, a leading global offshore wind OEM.

Deployment

These electrolysers will be deployed in the Freeport boundary, powered by clean energy from local existing and future nuclear at Sizewell and offshore generation from the likes of Galloper, providing a sustainable source of blue hydrogen. Meanwhile, at Bathside Bay we have planned laydown and construction areas to support assembly and pre-installation opportunities for blades, turbine towers, nacelles and jacket substructures.

Exports

The electrolyser and offshore wind manufacturing hubs can leverage economies of scale, the beneficial business environment and excellent export logistics to be a major, competitive exporter to the growing market in Europe

End customers

A major obstacle to large scale investment in hydrogen is secure, long term demand and industry engagement suggests multi-modal demand would provide additional investment security. As the busiest container port in the UK and major roll-on-roll-off route, Felixstowe and Harwich have the most reliable truck volumes in the UK and is the best place for the implementation of a hydrogen led logistics hub. In addition, as leading vessel operators begin to implement demonstrator and commercial hydrogen powered vessels. Meanwhile, as explained above, East Anglia is the heart of the UK's offshore wind development. 50% of all offshore servicing spend is on suppliers within 30 miles of the offshore wind farm's port base – Freeport East will be an Energy Superport at the heart of offshore wind supply

Synergies

These two sectors intertwine. Offshore wind will be the primary source of electricity for hydrogen production, which will utilise excess offshore energy even at times of low demand. As the offshore sector develops, the hydrogen will fuel the offshore service fleets of the future.

Other activities

These are two key areas of focus. However, we will not forget the other key sector that drives freeport success – logistics activity and space for non-manufacturing businesses. We will create dedicated space for warehousing, parking and container handling to minimise the logistics costs to our major tenants. We have also identified space for commercial offices for smaller companies and start-ups to benefit from the beneficial business environment.

[721 words]

4.4 Please choose from the following Sector list (SIC Codes) those business types:

- That are part of your bid
 - That you will aim to attract.
-

Select from the ONS SIC

https://onsdigital.github.io/dp-classification-tools/standard-industrial-classification/ONS_SIC_hierarchy_view.html

Maximum 10 to be selected from drop down list.

Response:

The following business types are part of our bid:

1. Division 27: Manufacture of electrical equipment
2. Division 28: Manufacture of machinery and equipment n.e.c.
3. Division 30: Manufacture of other transport equipment
4. Division 33: Repair and installation of machinery and equipment
5. Division 35: Electricity, gas, steam and air conditioning supply
6. Division 49: Land transport and transport via pipelines
7. Division 50: Water transport
8. Division 61: Telecommunications
9. Division 72: Scientific research and development
10. Division 78: Employment activities

The following businesses are the types we will aim to attract

1. Division 32: Other manufacturing
2. Division 35: Electricity, gas, steam and air conditioning supply
3. Division 38: Waste collection, treatment and disposal activities; materials recovery
4. Division 41: Construction of buildings
5. Division 43: Specialised construction activities
6. Division 49: Land transport and transport via pipelines
7. Division 50: Water transport
8. Division 61: Telecommunications
9. Division 72: Scientific research and development
10. Division 78: Employment activities

4.5 Please outline what specific trade and investment support measures you feel would benefit a Freeport in your area, and any support needed from existing DIT services to deliver this.

Free text

250 word limit

Bidders should outline what specific trade and investment support measures they feel would benefit a Freeport in their area, including the support needed from existing DIT services to deliver this.

Response:

- Freeport East would seek an access agreement MOU with DIT on the same level as those granted to LEPs. Given the scale of inward investment incentives on offer, it is important that DIT and more importantly its overseas posts in embassies and consulates are able to understand what differentiates our offer. For certain posts with particular relevance to our sectoral offer in clean energy such as (but not restricted to) California, Munich, the Hague, and Hong Kong we would intend to offer monthly briefings and work together bilaterally on inward investor targeting. The last is particularly significant given the scale and diversity of CKH's investments in the UK as well as its profile in China.
- A number overseas logistics accelerators and incubators have emerged over the last 2 years, encouraging early-stage IP-heavy companies developing Net-Zero solutions and/or Internet of Things applications. We would want to support DIT in developing these relationships.
- The COVID-19 crisis has resulted in the urgent need for greater visibility and agility in supply chains, which can only be delivered by digital tools and processes. In some cases, evidenced by long-established logistics companies buying or partnering with start-ups, in others the market growth evidenced by companies with a pure digital model such as Flexport as well as the ongoing push for global industry digital standards for simplifying the logistics process. It is reasonable to assume that more start-ups will also emerge in the coming months as a response to supply chain challenges experienced during the pandemic. Freeport East is well placed to pilot such solutions.
- We would also seek to partner with DIT at relevant industry exhibitions (or digital equivalents), such as the Hannover Messe, or Re-Source in Amsterdam in October, potentially supplying a pod or speakers for seminars.
- We have been clear in our bid that Freeport East will benefit companies, universities and other organisations far beyond the hinterland of Felixstowe and Harwich as our testimonial letters evidence. We will continue to work with such partners across the UK.

[333 words]

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