FREEPORT EAST | Felixstowe Gateway 14 Harwich

A GLOBAL FREEPORT FOR A GLOBAL BRITAIN

FREEPORT EAST

FULL BUSINESS CASE (FBC)

This FBC is a summary of the proposal submitted to Government as the basis for delivery of Freeport East. The FBC was produced through 2021 and into early 2022 and has continued to be refined into the delivery stages of the freeport to reflect ongoing developments and opportunities. Up to date information on the delivery of Freeport East will be reflected in the annual business plan of the delivery body and other associated publications on the Freeport East website.

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1a. Strategic rationale

Freeport East: A Global Freeport for a Global Britain
Based around the Ports of Felixstowe, Harwich and the key logistic route on the A14, with their unique global links and existing innovative sectoral clusters, Freeport East is a transformational investment of more than £246m, leveraging billions of addition investment into a coastal and rural area with pockets of high deprivation, the potential to create 275 hectares of new development land in a Freeport environment, more than 10,000 high-value new jobs and a GVA of up to £5.5bn over a 10-year period.

Freeport status will transform the region through new and additional investment in world-leading infrastructure and innovation, driving the Green Industrial Revolution and providing extensive re-skilling and up-skilling opportunities to transform the life chances of thousands of people. Once complete (target 2024/25), Freeport East will deliver:

- ***Trade***: A unique global trading opportunity linking the UK's largest container port and Ro-Ro/passenger ferry services to create a springboard into Europe for UK businesses and inward investors and attracting new capital and investment to the UK
    - Felixstowe is the entry point for approximately 40% of container traffic to the UK, connected to over 200 markets worldwide, strategically located on the main global and European shipping routes
    - Freeport East offers established and unrivalled sea/rail/road transport links across UK. 70% of containers go to Midlands and North, leveraging existing investment in road (e.g. £1.5bn A14), rail (three terminals, 38 journeys a day)

- ***A Green Energy hub*****:** The Harwich area of the Freeport has the potential to become the southern North Sea's leading Green Energy Hub, providing competitive services to the offshore wind markets on the east and southeast coasts of the UK (with easy access to the North Sea, offering the ability to service the whole UK and Northern European markets), winning business from competitors in Europe, deepening offshore wind expertise in the UK, supporting the drive to achieve 60 percent UK content, and providing one of the main foundation points for the national industry. A new 1400m quay at Bathside Bay, Harwich will support a rapid expansion in the manufacturing of offshore wind projects and components (including next generation turbines), developing and embedding a home-grown supply chain for innovative green energy infrastructure and solutions, enhancing UK supply chain and future-proofing the UK's energy resilience

- ***Innovation***: Energy from offshore wind and new nuclear will support the development of a new purpose-built Green Hydrogen Hub, utilising the existing mass of road, rail, and maritime freight movements at the ports to deploy an effective and influential hydrogen programme for uses across the freight sector and creating thousands of new, high-skilled jobs. The presence of new nuclear power stations at Sizewell and Bradwell will enable the Freeport to become a centre of technical excellence for the wider energy industry and support technological innovation that can be exported around the world. Freeport East will also leverage existing relationships with the likes of Cambridge University, BT's research centre at Adastral Park, Three UK, green energy partners and local innovators, to build on experiences in delivering 5G, digital maritime networks, Customs systems, automation and the Internet of Things to attract new R&D investment creating new opportunities and skills. A new Innovation and Skills Academy at Gateway 14 in an exemplar zero carbon building with an innovative operational model delivered in partnership between education and industry will ensure local residents are able to train and access new jobs as a priority

- ***Levelling Up***: Our freeport proposal plays a vital role in an ambitious regeneration and growth of the sub-regional economy and in creating sustainable new job opportunities

and skills in communities affected by long-term inactivity and barriers to labour market entry, which have been exacerbated by the negative economic impacts of COVID-19.

- Freeport East's national gateway function – it is also the Midlands and North's largest route to market – will provide an economic boost throughout the UK.
- Moving port services and logistics sector up the value chain with investment in cutting-edge technology/ (cold storage), enhanced and decarbonised logistics and e-border technology, and 5G creates higher-skilled, higher-paid jobs; and
- In Essex, our proposal includes the regeneration of Harwich, Clacton and Colchester town centres and delivery of a Rapid Transit Service linking to the Tendring-Colchester Borders Garden Community of up to 9,000 new homes, and investment in improvements to Jaywick Sands.

Securing government's full freeport seed capital allocation of £25m will enable us to accelerate and de-risk important preparatory activities, creating confidence in Freeport East as a commercial proposition and creating the conditions for private sector partners to invest. Importantly, the seed capital also supports us in kickstarting a comprehensive upskilling and employment programme for the local area.

But unlocking the transformational nature of Freeport East – in terms of levelling up, regeneration, innovation, and net zero – requires significant co-investment and commitments from industry partners because:

- Felixstowe and Harwich are competing internationally for trade and inward investment, and we considered it was only the range of incentives offered by Freeport status that would allow the two ports to compete effectively in that market, post Brexit
- Attracting investment and commitments at scale will not be possible without freeport designation, the beneficial business environment this brings and associated opportunities for accelerating the planning process
    - To meet the Government's goals of delivering 40GW of offshore wind power by 2030 we know new port capacity will be required, but there are currently no UK-based manufacturers well-placed to invest. We are therefore targeting FDI, competing globally to attract businesses into the UK, often against persuasive subsidies elsewhere to provide new infrastructure ahead of time
    - Our use case is flexible – one of the benefits of a new site is the ability to provide bespoke occupant-led services. But there is a risk in developing sites without committed occupiers. Freeport seed capital enables us to commence preparatory build out works and attract new anchor tenants to crowd-in other industry. Without freeport status, the perceived risk will be too high to develop proposed sites in the absence of committed occupiers, and the occupiers in turn will not be attracted without viable, in-progress site development
    - Freeport status is essential as a tool to boost private investment in the commercial property market in the tax sites. Otherwise, there could have been a drag on the build out of these key sites, if it happened at all, and much lower ambition. Developers and landowners would have otherwise been nervous about the low returns they would get from schemes and in turn awaited blue chip tenants in advance of their builds
    - The Green Energy Hub proposal for Bathside Bay, Harwich would not progress without the financial mechanics available in a Freeport. 100% retention of local business rates allows Pot B reinvestment in site infrastructure creating the incentives for investment from potential joint ventures with Hutchison Ports.

    - Hydrogen remains a largely untested fuel source, although one with huge decarbonisation potential – an ‘at scale’ use case to demonstrate the enormous potential of hydrogen in those industries where electrification may not be possible or sustainable and where investment is therefore unlikely, will be invaluable in supporting the UK’s Net Zero goals

- The incentives to firms and employers offered by Freeports are also a catalyst for bringing in higher skilled / paid jobs into the locality. Wages in the area are below the British national average and sit below more traditionally deprived areas in Liverpool and the North

- The Freeport incentives are flexible enough to tailor a package to meet the needs of many companies who want to set up on the tax sites. Be it a large multi-national or a smaller local enterprise. The Freeport package will allow companies to redesign their operations to enabling clustering of activity / suppliers, boosts innovation and improve productivity.

The Harwich Haven Authority is already committed to an investment of up to £120 million to deepen the navigation channels and Hutchison Ports UK is committed to dredging several berths at the Port of Felixstowe starting in 2022. This will make sure the harbour is future-proofed for the next generation of Ultra Large Container Vessels; it will improve the safety of navigation, reduce congestion in the harbour and contribute materially to carbon saving.

We are also seeking to secure an investment from a joint venture consisting of Hutchison Ports and another partner to develop the Harwich (Bathside Bay) site including a 1400m new heavy-duty quayside.

Freeport East is therefore a true public-private partnership with a vision to drive growth and productivity across the region and beyond, building on unrivalled position at the intersection of Global Britain and UK Green Industrial Revolution. Investment in Freeport East is an investment in the whole UK.

Freeport Rationale

Freeport East is one of the world’s major trade routes connecting the UK directly with markets around the world. The Port of Felixstowe boasts the UK’s busiest intermodal rail freight terminal for distribution throughout the country, the A14 road and rail corridor connects Freeport East to the Northern Powerhouse and Midlands Engine, whilst the A12 and mainline rail connects the region with the Greater South East and markets in London, and there are a range of short-sea connections from both Harwich and Felixstowe. Freeport East is ideally placed to attract global investors looking to use the UK as a springboard for their products to access domestic, European and rest of the world markets.

Mid Suffolk District Council via Gateway 14 Ltd have already invested almost £40m in the purchase, planning and infrastructure for the 2.4million sq. ft. site and owners of some of our key customs sites, including Uniserve, PD Ports and Port One have also invested significant sums in developing their commercial offer.

However, delivering Freeport East as a driver for levelling up, regeneration, innovation, and net zero requires significant co-investment and commitments from long-term industrial occupiers as well as ensuring that the value of the existing investment is felt across our most deprived communities. Attracting co-investment and commitments at scale and addressing these societal challenges will not be possible without freeport designation, the beneficial business environment this brings and associated opportunities for accelerating the planning process and investing in our communities. Without this, the perceived risk will be too high to develop

proposed sites in the absence of committed occupiers, and the occupiers in turn will not be attracted without viable, in-progress site development. Our communities could be “left behind” and miss out on the opportunities that come with investment of this scale.

The East of England has a global reputation for innovation and technology, and Freeport East’s location close to the East Coast green energy sector and offshore wind farms in the Southern North Sea will also attract national and international manufacturers and developers in the clean energy and alternative fuels sectors

The Harwich area of the Freeport has the potential to become the southern North Sea’s leading Green Energy Hub, winning business from competitors in Europe, deepening offshore wind expertise in the UK, supporting the drive to achieve 60 percent UK content, and providing one of the main foundation points for the national industry. However, this requires joint investment from the site owner, a joint venture development partner, plus offshore wind manufacturer/s and assembly hub operator/s. To ‘unlock’ and activate the investment will require seed capital and use of retained business rates to reduce risk profile and begin site development. Supporting the development of the potential at the port of Harwich alone will unlock significant private investment, triggering long-term investment by the offshore wind and renewable green energy supply chain.

Furthermore, our freeport proposition plays a vital role in an ambitious regeneration and growth of the sub-regional economy and in creating sustainable new job opportunities and skills in communities affected by long-term inactivity and barriers to labour market entry, exacerbated by the sweeping negative economic impacts of COVID-19 and the disruptions to markets and supply chains by the war in Ukraine. In Essex, this has already seen proposals develop for the regeneration of Harwich, Clacton and Colchester town centres and delivery of a Rapid Transit Service linking to the Tendring-Colchester Borders Garden Community of up to 9,000 new homes, and investment in improvements to Jaywick Sands.

The need for the investment of public funds as seed capital

Covering Britain’s biggest and busiest container port, two major ferry ports and located close to the East Coast green energy cluster, Freeport East offers a unique combination of advantages to benefit traders, manufacturers and clean energy suppliers. The Seed Capital investment will be vital in securing this investment in all three of the Tax sites:

Large land reclamation and construction works at Harwich for what will be the single largest driver for private investment across the Freeport. Significant research and sector-specific expertise are required to investigate the full business model and justification for private investment. Seed capital investment at this stage will drive this process forward and unlock one of the UK’s largest land reclamation projects creating up to 122 hectares of opportunity for further investment and addresses the UK’s market failure in the lack of available space with quayside access to deep water berths needed to serve next generation, both fixed and floating, offshore wind projects to meet the country’s increasing offshore wind production needs and 60 percent UK content targets.

Unlocking vital electrical utility infrastructure and undertaking site preparation works to attract and support new tenants to the Felixstowe Tax Site encompassing 31 hectares of opportunity, levelling up the service offering from (low value, low margin) simple logistics to (high value) manufacturing / processing. The investment pipeline this generates will then stimulate development across the rest of the site. Securing this investment speculatively without seed funding would be an uncertain proposal and could result in a stalled site.

Developing Gateway 14 near Stowmarket offering 67 hectares of opportunity including the creation of an innovation and skills centre and net zero/highly sustainable projects including, where appropriate, battery storage for onsite solar PV will add considerable rateable value to the site, levering in more revenue from retained rates and aligning to the net zero objectives

that would not be justified if market demand was the only investment source. The Innovation & Skills Centre at Gateway 14 is also not commercially viable in isolation so the seed funding will enable this to be delivered earlier in the development programme as well as helping it to be delivered as an exemplar for sustainability (the building will be BREEAM Excellent). Delivering this Centre earlier in the programme will maximise the opportunities to attract high value jobs to the wider business park and ensure that innovation truly sits at the heart of the development.

The what if scenario

Freeport East and its surroundings include areas of significant deprivation that require a multi-intervention approach to respond. Recognising the multiple challenges facing many residents across North Essex, Essex County Council and Tendring District Council, commissioned Volterra Partners to provide an evidence base to support the creation of a Vision and Investment Plan for North Essex. The findings of the report impress the importance of the Freeport East project to the wider sub-region:

- In Harwich, the ratio of 0.40 jobs per resident is significantly lower than other Essex settlements of similar size such as Maldon / Heybridge (0.63) and Saffron Walden (0.66)
- This contributes to high levels of multiple deprivation, with the 5,000 residents at the tip of the Harwich peninsula facing life expectancies within the bottom 15% of local areas nationally
- There are low levels of skills attainment and poor labour market participation rates
- Being situated on a peninsula results in restricted transport options for both residents looking to commute to their place of education or work, and for workers trying to access the area from further afield.
- These constraints have resulted in low commercial demand in the area for a number of years, with a number of historically permitted major development sites not yet being brought forward. As a result, North Essex has to date been unable to achieve the critical commercial mass necessary to facilitate a step change in economic growth.

As an area that has historically struggled to support dense levels of employment, Harwich (Bathside Bay) can provide the critical mass required to unlock stalled employment sites, as well as catalyse new employment opportunities, future investment and economic growth across north Essex.

In Clacton, the Chief Medical Officer's Annual Report 2021 for Coastal Communities noted the following key challenges are to address:

- Peripheral location and poor transport system/provision
- New businesses, employers and inward investment are all required to provide the opportunities that meaningful regeneration needs.
- Attracting quality jobs – not perceived as attractive to private sector businesses
- Lack of diversification in the local economy – employment levels are low, unemployment rates are high. The average wage is below national average,
- High numbers of people have long-term health conditions
- Low educational attainment and skills – improved academic attainment would likely just accelerate outward migration in young people who would seek better jobs elsewhere.
- Clacton has been disproportionally impacted by COVID-19 – 25 percent of all employed people work in sectors shut during lockdown.
- Current national models for investment assume returns that coastal communities with low land values cannot achieve.

Freeport East will lever hundreds of millions of pounds of private sector investment and create 4300+ jobs in the Colchester and Tendring economy, helping to address these challenges in a way no other single intervention could achieve. Through providing a route to employment by upskilling local people, linked to local employment opportunities to avoid outward migration, the

wider investment in the commercial land will not only uplift prospects for wider growth, but in turn will justify infrastructure funding and provide the commercial rationale for increased transport links. Several stalled allocated and consented development sites locally would become more viable, providing up to a further 600 homes and 3,000 jobs in north Essex alone. Without the jobs Freeport East brings, the challenges within coastal communities like Harwich and Dovercourt, Clacton and Jaywick Sands will only accelerate.

In addition, without public intervention in Freeport East there would be no driver to incentivise increased global trade through the seven Custom sites and the development of the three Tax sites would become stalled.

The potential for reduced seed funding in Freeport East would significantly reduce the level of development within the three Tax sites and resulting in a smaller vision and value to the freeport objectives. The facilities that would be developed would most likely result in low value, low margin simple logistics units, with low value jobs and lacking the required facilities that realise a net zero vision and, in addition, the development of the Green Energy Hub and/or the full large land reclamation and construction works project at Harwich, would be further challenged, delivering phases of smaller scope and ambition.

Strategic interdependencies of the Freeport

Delivery of Freeport East is dependent on the following:

- Securing the seed capital for the development of the Felixstowe and Gateway 14 Tax Sites to boost trade and attract global investors looking to use the UK as a springboard for their products to access domestic, European and rest of the World markets
- Securing the relevant extensions and temporary alternative use planning consent for the use of Harwich as a green energy hub and additional seed capital and public investment to support the Harwich Tax Site and required to make private investment viable within the Green Energy Hub to meet the offshore wind infrastructure space needed for UK PLC to meet the 60% UK content targets
- Revenue capacity funding in order to establish and operate Freeport East CLG – staff resources within the company to manage the programme
- Commitments from all partners on the shared vision
- Subsidy control clarification relating to freeport site owners and occupiers and legal obligations for Local Authorities awarding the subsidy
- Custom site revenue funding and/or simplification of custom site requirements
- Allocation of Freeport interventions to secure immediate agreements with commercial tenants looking to invest and develop facilities within Gateway 14 and Felixstowe Tax sites in 2022/3.
- To expand the labour market available to support business and economic growth, historic underinvestment in public goods such as education and skills and strategic transport infrastructure locally will need to be addressed. A pipeline of projects will be delivered by the local authorities and other partners, making use of retained business rates income as well as seeking Levelling Up Fund and other monies.

1b. Target markets

The strategic vision for Freeport East is to attract global investors looking to use the UK as a springboard for their products to access domestic, European and rest of the world markets. This in turn will deliver the freeport policy objectives in attracting business that will be innovative, support net zero targets, provide skills development opportunities and provide funding to support regeneration and levelling up.

The following sector overviews detail the local assets, opportunities and advantages that represent the key areas Freeport East will market to, however it is not intended to be an

exclusive list that would prevent tax sites from perusing new market opportunities that emerge, providing they also align to the Freeport objectives:

The Energy sector was selected as the UK and European markets for offshore wind, nuclear and hydrogen has significant potential, yet it is largely dominated by international firms. The market exists to attract global investors to the UK is clear, but given the lack of inward investment to date, it is clear there is currently a viability gap. We provide further information on the viability gap in our response to question 4 below.

Geographically, nowhere in the UK has a broader energy mix or provides as much business potential as the East of England. In addition, The Energy Skills Centre at Harwich, operated by Colchester Institute, offers workshop and classroom facilities to support engineering-based education and training in the local area. Investment in new and larger training facilities has previously been explored, and with the forecast growth in the energy and engineering sectors identified in this paper, new skills and training facilities form an integral part of the new vision for the Harwich tax site. Within Suffolk and Essex, the energy sector and supply chain has an estimated 10,081 employees, with a total turnover of £1.74bn and there has been £33.9m of investment raised since 2010, (Beauhurst 2021).

We are focused on the following subsectors, with an overarching focus on supporting manufacturing and assembly within each:

- **Offshore wind** - the Southern North Sea is the most densely populated area for offshore wind projects, home to 52% of the UKs entire operational fleet. The investment made into an Operations and Maintenance Building at Harwich international Port demonstrates the region's potential and geographic suitability for this subsector. This is within the Harwich tax site and built to support the 353MW Galloper Offshore Wind Farm, located 30Km off the coast of North Essex. However, the Offshore Wind Sector Deal committed to increase UK content to 60% by 2030, including increases in the capital expenditure phase. This requires significant development of manufacturing facilities for offshore wind components such as towers, blades, cables and nacelles. These have not yet been developed in the UK without significant government subsidy. Additionally, Belgium and the Netherlands currently plan to install 12 GW of offshore wind generation capacity by 2030 which is more than that currently in the planning and construction process in the Southern North Sea. Both export markets are easily serviced from Freeport East Harwich. The viability gap is clear. Our recent engagement has shown that Freeport benefits could fill this viability gap and enable investments. A further barrier is land availability to host the manufacturing and subsequent deployment of UK content. Seed funding and the use of retained rates at the Harwich Tax Site will unlock the largest greenfield site in the UK with quayside access to deep water berths needed to serve next generation, both fixed and floating, offshore wind projects.

- **Nuclear** - nuclear power facilities are being decommissioned and new nuclear sites being developed at Sizewell C (expecting a government decision on its planning application in May 2022, unlocking £1.7bn of investment) with Bradwell B in the statutory pre-application consultation process (total cost tbc but significant). While contracts for major equipment are largely being served by overseas firms, there is significant opportunity for delivering innovation in components and IT infrastructure such as capitalising on the University of Essex's expertise in robotics where it is engaged in a project with Birmingham University regarding the use of robots in high radiation environments as well as decarbonising the construction process itself, not least due to new hydrogen powered plant and equipment already on the market or publicly under development. Our intention is to ensure this is as far as possible provided locally through new inward investment, rather than imported. Given the strength of the international supply chain, and limited local investment to date, there is a clear viability gap that tax site status will help close. Separately, the Government has recently

announced funding for the development of small modular reactors in the UK. While the focus of this manufacturing may be in the East Midlands, there will be significant need for components which Freeport East is well placed to serve with its strong nuclear experience.

- **Hydrogen** - The region's offshore gas business is well established and has plans for the development of green and to a lesser extent blue hydrogen, storage of gas and captured carbon in the Southern North Sea are emerging. With onshore renewable energy projects such as solar, biomass, and battery storage growing, the region's energy investment programme is worth billions. Hydrogen is one of the world's biggest emerging technologies and there is competition for investment in hydrogen activities across the globe with the UK publishing its hydrogen strategy this August. Particular viability gaps for green hydrogen are the cost, including significant capital investment, compared to petroleum-based fuels, and the need for secure offtake contracts. Some competitor freeports are local to clusters of oil refining and/or chemical engineering already produce hydrogen from fossil fuels (grey hydrogen) and seek to decarbonise by capturing most of the CO2 produced. However, the alternative method is green hydrogen using renewable electricity to power an electrolyser which causes a chemical reaction in water to separate hydrogen from oxygen. The Hydrogen Strategy is neutral on grey or green hydrogen and resources are being made available by government for development of both technologies although grey hydrogen, even with 100% carbon capture and storage (which no technology currently claims to be able to do) will still require natural gas as a feedstock. Ancillary investment opportunities exist for desalination equipment manufacture and potentially offshore servicing given that electrolysis requires water with lower levels of salinity than seawater.

- Freeport East with its combination of access to additional renewable electricity production with a diverse set of off-takers (purchasers of refined products) can exploit both green and grey hydrogen production.

- With 7000 HGVs passing through Felixstowe and Harwich every day, the Freeport provides the largest potential markets for hydrogen powered vehicles in the UK, providing a huge opportunity to link production and use of hydrogen. Hyundai launched a hydrogen HGV in South Korea and Switzerland last year and European manufacturers have products in development. The likely construction of Sizewell C will also create use cases for Freeport East generated hydrogen to augment that generated by waste steam from Sizewell B given that an estimated 2000 different items of plant will be used during the construction process and multiple manufacturers have launched or have announced that hydrogen powered equipment is under development.

- Network Rail has also identified the Ipswich-Lowestoft, Norwich-Great Yarmouth and Norwich-Sheringham passenger routes as unviable to electrify and see hydrogen as an alternative power source and are keen to progress this further. Additionally, although hydrogen commuter rail locomotives have been developed, the major challenge for freight is for the replacement of hybrid diesel/electric locomotives by hydrogen or hydrogen/electric which are essential given that under 50% of the UK's rail network is electrified. This includes the cross-country route from Felixstowe which connects to the East Coast Mainline at Peterborough and the West Coast Mainline at Nuneaton. Tax site status, particularly on capital allowances, helps close down the viability gap and de-risk early-stage investments in innovative technologies, augmented by the introduction to use cases which Freeport East can support.

The Agri-Tech sector and food processing sector was selected as agriculture is the largest user of land in the Freeport East hinterland. According to DEFRA, in 2019 the UK produced 55% of its food (defined as domestic production less exports) with a further 26% imported from the EU and 19% from the rest of the world and it supports a strategic need in rebalancing the

decline in added value manufacturing and development being undertaken in the East of England, where value creation has decreased, while food production itself is increasing and rebalancing this will be a core focus of our efforts. The Port of Felixstowe is the largest UK import port of containerised food and, with a seven-hour crossing from the Hook of Holland, Harwich is still an important entry port to the UK for Dutch-grown flowers and glasshouse crops. Domestically, the four counties in the immediate hinterland of Freeport East (Norfolk, Suffolk, Essex and Cambridgeshire) account for just 10% of the UK's farmland but use it to produce approximately two thirds of the UK's sugar, a third of its potatoes, over a fifth of its pigs and poultry, a fifth of its field vegetables and approx. 15% of its wheat and barley.

Since Brexit the Basic Payment Scheme will be gradually reduced by 50-70% until 2024-5 (depending on size of farm) before being phased out in 2027 with its budget gradually being repurposed to support farmers who specifically invest in environmental stewardship, improved post-harvest processing and robotics and automation. As demonstrated, our farms are larger than the UK average and better able to exploit economies of scale given concerns that agricultural products may suffer from tariff-free competition as a result of post Brexit trade deals.

Freeport East benefits from proximity with the Norwich Research Park and the Essex Plant Innovation Centre in Colchester which are global centres of excellence for plant science.

We are also focussed on the following subsectors:

Local energy generation – Many farms use off-grid onshore wind, solar pv (which can share land with sheep and free-range poultry) and/or anaerobic digestion to produce electricity, methane or potentially hydrogen, which can in turn be used for export to rural heating grids, to heat poultry sheds, to power agricultural vehicles or, in the case of hydrogen, also produce ammonia for on-site fertiliser production. The hydrogen hub within Freeport East can provide a centre of expertise for training local farm staff in the safe generation and handling of hydrogen. CNH, one of the largest tractor manufacturers in Europe with a plant in Basildon, will be commercially launching a hydrogen powered tractor in 2022.

Freeport East is located within a predominantly rural area where vertical farming demonstrators are happening at scale. It is also accepted that understanding soil and related innovations will be key to the success of both vertical farming and future agri-tech. Working with organisations such as Agri-East, we would seek to support start-ups with agri-tech innovations through facilitating relationships within the innovation ecosystem, including introduction to market for proof of concept and eventually onward wider dissemination with the ultimate ambition of manufacturing the successful innovations created within the Freeport East sites.

We will seek to maximise the learnings that the 5G will lever at the Port of Felixstowe for the agri-tech sector. Soil moisture sensors with 3G connectivity can be installed to provide real-time data on the state of a field in each location and used by technology vendors to combine with AI technology to issue a farmer with advice of where additional irrigation should be provided – the more sensors installed, the more specific the advice can be.

More real-time solutions require faster and reliable data speeds – for example sensors can collect data on the temperature, moisture, wind speed, and soil acidity over time which can supply the farmer with even more precise data and have the option for data-logging in the event of a communications interruption, storing data on a removable memory card which will need to be removed by a human and uploaded to ensure reliability of data.

Freeport East will seek to work with the communications sector to identify use cases for the expertise at BT, Universities of Essex, and Cambridge and beyond.

The expertise in 5G and data science could also support better application of precision farming (where a data would not need to be collected 24/7 but daily via a drone overflight) and would

then permit more precise application of agricultural inputs. By the adoption of precision farming (which itself is an evolving technology) farms can reduce the amounts of inputs by applying them to small geographic areas within a field, or by using image processing-based algorithms to identify livestock who require additional or less feeding to optimise weight gain at slaughter. Cranfield University is a national leader in precision farming technology and there are a couple of precision farming technology suppliers based at the Innovation Martlesham hub at Adastral Park.

Due to globalisation, British consumers have been used to consuming Egyptian new potatoes, Peruvian French beans and Kenyan flowers when UK -grown produce is out of season. However more intensive/higher value crops (where combined with on-farm generated lighting and heating can be grown indoors more intensively using heat, light and hydroponics) has meant that, for example, a number of farms have now lengthened the domestic strawberry growing season from 2 to 6-7 months and one is piloting trials with concentrated solar technologies to lengthen it to 9.

The Professional Services sector was selected as the area has been a base for the financial industries for over 200 years, boasting a financially-literate, highly skilled and stable workforce and the first National Skills Academy in the UK for Financial services alongside clusters of global large insurance firms such as AXA and Willis Towers Watson, and other local and national companies. There are also niche markets around marine insurance linked to the ports, farm and crop insurance and thatched property insurance in rural areas, plus a host of small financial service businesses.

In addition, we have recognised tech clusters centred around fast-growing digital creative hubs and a world-leading centre of innovation in communications technology at BT Adastral Park, home to BT's Global Research and Development HQ and a cluster of 100 high-tech ICT companies alongside smaller tech clusters in central Ipswich, Stowmarket and Colchester. The East is at the forefront of digital innovation, with strengths in cyber security, quantum technology, Internet of Things, UX design and fintech.

Within Suffolk and Essex, the sector and supply chain has an estimated 13,950 employees, with a total turnover of £2.3bn and there has been £26.7m of investment raised since 2014, (Beauhurst 2021)

The Added value logistics sector was selected as it complements the existing skills base, but also the agri food sector – such as perishable foodstuffs (see below) and energy (challenges of delivering an appropriately qualified wind turbine technician with the right tools and spare parts to repair a turbine 140 metres above sea level and 20 miles from the Suffolk coast or 9 million cubic metres of aggregate for the construction of Sizewell C). Within Suffolk and Essex, the sector and supply chain has an estimated 17,164 employees, with a total turnover of £2.78bn and there has been £27.6m of investment raised since 2014, (Beauhurst 2021).

It supports a strategic need in complementing the current strengths of Felixstowe and Harwich being international gateways to the UK for seaborne trade combined with Gateway 14 and Port One's strategic position on the A14 transport corridor:

- the continuum between offshoring and near- or onshoring which has been brought into focus by both Brexit and COVID
- industry need for decarbonisation (transport still accounts for 27% of the UK's greenhouse gas emissions)
- The expectation of the online consumer to receive their purchases as quickly as possible at the lowest possible (ideally no) cost.
- the opportunity for technology to further improve operating efficiencies through the better use of data as well as more sophisticated ways of catching it.
- challenges to the logistics sector due to the lack of EU labour post Brexit which is accelerating trends towards automation.

We are focused on the following subsectors: -

- **Robotics Applications**
  - Increasingly the hardware underpinning the operation of a robot is becoming commoditised. Robots have been used in car manufacturing since the late 1970's. The real value add is how the hardware is integrated with data capture (including machine vision), data analytics and machine learning and enabling the robot can adapt to handling different tasks. The University of Essex has world-leading capabilities in data science, computer engineering, machine vision and signal processing and has used them amongst others to remotely pilot a crewless survey ship from the shore.
  - Ocado does not operate as an online grocery retailer outside the UK. Their export sales – which account for most of their profits - are from adapting and integrating their software and fulfilment automation technology developed for and evolving in the UK grocery business to supply online technology solutions to foreign retailers.
  - The third-party logistics company XPO, in partnership with the technology supplier Swisslog and Nestle operate a 600,000 sq. ft warehouse in Leicestershire for **all** Nestle Group products sold in the UK, the largest fully robotised warehouse in the country. The only humans employed at the site are approximately 100 first line data scientists and automation engineers and technicians.
  - The University of Cambridge is already working with Hutchison Ports on a DCMS-funded research project to use data gathered from sensors on quay cranes via a pilot 5G network to build an algorithm to calculate predictive maintenance as well as using the same network to develop remote control of yard cranes.
  - The Port of Felixstowe also has 20 km of private roads which will be used to pilot and test control systems of autonomous vehicles.
- **Services performed on cargo**
  - Over time it is conceivable that UK standards may diverge from EU standards, especially in respect of products which were not available in both the UK and EU markets on 31/12/20 and so inspection/compliance checking is a logical process to undertake.
  - The logistics centre for Sizewell C (to minimise and manage the number of vehicles delivering goods to site as far as possible) will be off the Seven Hills Roundabout (J58 of the A14), seven miles from Felixstowe which gives Freeport East an opportunity for further offsite value add cases.
- **International Logistics Start Ups and Scale Ups**
  - Private equity has increasingly taken an interest in logistics in recent years. Unlike cars or pharmaceuticals where the market is dominated by a few established players, logistics is a mix of traditional organisations with legacy operations and an increasing number of disrupters. DHL, the world market leader in supply chain management is estimated to hold a global market share of just 5%. Two years ago, the US digital freight forwarder Flexiport became the first logistics "unicorn" (a startup to achieve a valuation more than US$1 bn)
  - The intrinsically global nature of the industry opens a range of both international acquisition and organic growth opportunities which can be capitalised on quickly with the right management and level of investment.
  - The combination of technologies to reduce carbon in the logistics sector and digitisation (if integrated in the same solution better still)
  - Further exploration will be undertaken to build partnerships with logistics-based innovation clusters around the world with an opportunity to attract inward investment from fast growing global mari-tech, freight-tech and logi-tech companies who see an opportunity to scale in the UK in Freeport East.

Target sectors/value chain segments/markets

The sectors and percentage splits for the following tax sites represents current reflections following enquiries and an educated assumption around demand based on local economic trends and would vary in practice. There is a slight deviation from those sectors highlighted in the OBC but this a reflection on the undeveloped nature of the sites and the early stages of enquiries. This evolving site focus will be developed in partnership with Freeport East to ensure there is a good alignment to the Freeport Policy, whilst allowing the sites to respond to high value market opportunities.

The following sector breakdowns represent the priority areas Freeport East tax sites will be marketed at; however it is not intended to be an exclusive list that would prevent tax sites from perusing new market opportunities that emerge, providing they also align to the Freeport objectives:

Felixstowe Sectors targeted:

Sector target	**Approx % of site intended**	**Value proposition**	**Vison for activity to be undertaken onsite**
Energy	10%	The financial levers and interventions will make the site cost effective for the emerging sector and the availability of HGV, rail and logistics services provide a wide range of use cases to support development. The benefits of clustering, sharing knowledge and developing an attractive employment offer, bespoke premises for innovative businesses, alongside test opportunities	Hydrogen based technologies and green energy manufacturing/assembly
Agri-Tech	30%	The financial levers and interventions will make the site cost effective for the sector that will add considerable value to the existing high level of food and drink production in the local area. The benefits of clustering, sharing knowledge and developing an attractive employment offer, bespoke premises for innovative businesses, utilising strong logistics opportunities, high production of raw goods and processing opportunities	food processing and manufacturing
Value added logistics and assembly	60%	The financial levers and interventions will make the site cost effective for the sector and will complement the existing logistics service offering through the Port. Higher value facilities will enhance the overall cluster benefits and will provide the fundamental facilities needed to support advanced manufacturing and increase the development of high value goods.	value added logistics and assembly/ manufacturing

Harwich Sectors targeted:

Sector target	Approx % of site intended	Value proposition	Vison for activity to be undertaken onsite
Energy	90%	Offshore wind is in substantial need of extensive and flexible sites for development. The site supports: Direct access to North Sea market Skilled and experienced local people, c10% of offshore wind workforce Target of 100GW+ offshore wind projects in UK & EU by2030. 40GW of new projects within 140NM. Addressable operations & maintenance market growing rapidly beyond £2bn p.a. by 2030	54% Manufacturing/engineering 18% Logistics 18% Operations & maintenance 8% Hydrogen
Professional Services	10%	Direct access to the largest container terminal in the UK (Felixstowe) and Harwich International (RORO and break bulk) Excellent inland road and rail connectivity Growing cluster of local supply chain expertise Whole of the UK for the supply of goods into and from Harwich through strong infrastructure links Tax and custom benefits Cluster benefits leading to anticipated cost reductions	support services, built environment, distribution

Gateway 14 Sectors targeted:

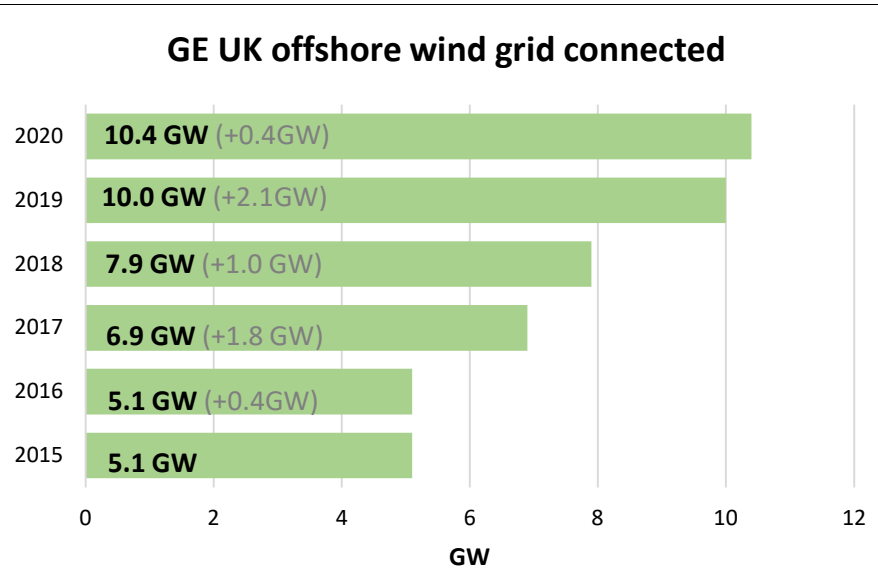
Sector target	Approx % of site intended	Value proposition	Vison for activity to be undertaken onsite
Energy	15%	The financial levers and interventions will make the site cost effective for the sector and will complement the existing energy skills and assets within the region. The benefits of clustering, sharing knowledge and developing an attractive employment offer, bespoke premises for innovative businesses, alongside collaboration opportunities	Clean growth industries/Energy and manufacturing
Agri-Tech	25%	The financial levers and interventions will make the site cost effective for the sector	Biotech and R&D Logistics

		and will complement the existing assets relating to agri science and need to increase food processing within the region. The benefits of clustering, sharing knowledge and developing an attractive employment offer, bespoke premises for innovative businesses, utilising strong logistics opportunities, high production of raw goods and processing opportunities	Food and Drink processing and manufacturing Food and drink and hospitality
Professional Services	20%	The financial levers and interventions will make the site cost effective for the sector and will complement the existing assets relating to digital technologies and professional services within the region. The benefits of clustering, sharing knowledge and developing an attractive employment offer, bespoke premises for innovative businesses, utilising nearby assets and business networks across the counties	ICT in particular AI and Data Analytics Finance and insurance Professional practices
Added value logistics	40%	The financial levers and interventions will make the site cost effective for the emerging sector and will complement the existing logistics services in the economic area. Higher value facilities will enhance the overall cluster benefits and will provide the fundamental facilities needed to support advanced manufacturing and increase the development of high value goods.	Added Value Logistics, assembly / manufacturing

For national, international and tax relief justification please see below:

Sector:	Energy- Offshore
National Size & Growth Potential	The UK has the world's largest installed offshore wind capacity, currently standing at 2,297 turbines, with a total offshore operational capacity of 10.5GW. The industry has, on average, added on average 1 GW of capacity per year over the last 5 years[1].

[1] The Crown Estate (2020). Offshore wind operational report 2020.



UK operational capacity accounts for nearly a third of global installed capacity. Furthermore, the offshore wind sector already employs approximate 26,000 people. Data from the UK suggests that offshore wind development is more labour-intensive than onshore wind development, showing significant potential for job creation.

The sector has significant growth potential. The UK Government targets 40GW by 2030, and the UK CCC has indicated aspirational targets of 95GW by 2050. Starting from the 2021 baseline, this gives a buildout of 3.28GW/year for 2022-2030 and then 2.75GW/year until 2050. Furthermore, the National Grid' Future Energy Scenarios (FES)' suggests that UK electricity peak demand could be as high as 85GW in 2050.

The sector faces several challenges to achieve national targets, which present an opportunity for the Freeport East.

- Grid challenges – power harvested needs to be transferred over long distances with more efficiency and higher stability.
- The cost of development in the UK is higher than in some other project locations. Unlike most other project locations, the UK auction passes on costs to the project developers for activities such as grid connection, transmission, resource assessments and environmental impact assessments; in other countries, these costs are paid by the government or by the transmission system operator. In addition, UK projects sites are generally located in deeper water, which increases the initial CAPEX cost[2].
    - In the UK, where bidders propose their own sites, qualification requirements are stricter, and bidders must present additional documentation, increasing prices[3].
    - In the UK, contracts are for 15 years, compared to 20 years in most countries. The price awarded is also not inflation indexed.[4]
    - To justify investment in the sector, investors need to see a commitment from the government to the roll-out of greater than 2GW of offshore wind energy each year. [5]

International Size & Growth Potential	Total offshore wind capacity was estimated at 35GW. The annual growth for offshore wind in the next five years is estimated at 31.5%. The level of annual installations is likely to quadruple by 2025 from 6.1 GW in 2020. In total, more than 70 GW offshore is expected to be added worldwide in 2021-2025.[6]

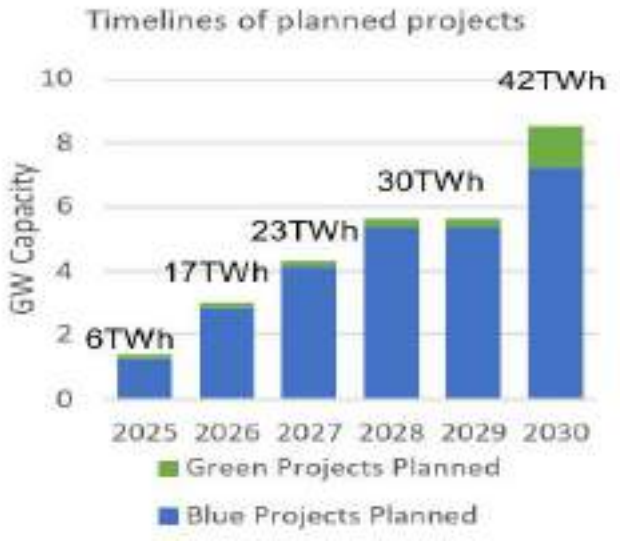
[2] International Renewable Energy Agency (2018). Offshore wind investment, policies and job creation.
[3] International Renewable Energy Agency (2018). Offshore wind investment, policies and job creation.
[4] International Renewable Energy Agency (2018). Offshore wind investment, policies and job creation.
[5] Offshore Wind Industry Council (2019). The UK Offshore Wind Industry: Supply Chain Review.
[6] GWEC (2021) Global Wind Report 2021.

	Offshore wind has the potential to generate more than 420 000 TWh per year worldwide.[7] According to Bloomberg, the global offshore wind investment had risen to record levels of USD 27.6 billion in 2016 but fell to USD 18.9 billion in 2017 and a projected USD 15.1 billion in 2018. Sector investment is highly fluctuating, reflecting the project-based nature of the sector and policy changes. However, global investment in offshore wind is set to grow substantially. There is a growing regulatory and market push to renewables and offshore wind investment, as more disclosure requirements around sustainable investment are introduced and through the emergence of benchmarks such as 'Paris Aligned' as companies demonstrate their sustainability credentials. Global barriers for the sector include security around intellectual property and support navigating local regulations. There is significant interest in offshore wind, and most companies in the UK are exporting outside the UK. To gain a larger market share, companies need support navigating foreign markets [8]. We will outline our approach to supporting this in our trade and investment strategy at FBC.
Tax relief justification	The UK has historically struggled to attract offshore wind manufacturers. The recent investments at ABLE and from GE have been based on significant government funding, demonstrating the need for significant financial support.

Sector:	Energy - Hydrogen
National Size & Growth Potential	Current hydrogen consumption is produced from fossil fuels, and the UK consumes approximately 760,000 tonnes per annum. Hydrogen is difficult to handle, and therefore hydrogen demand and production are usually co-located. The UK currently produces all its hydrogen needs and does not currently import any hydrogen. The future market opportunity is in low carbon hydrogen. There is currently practically no existing low carbon hydrogen production in the UK. However, the UK is actively pursuing both blue (hydrogen from fossil fuels) and green (electrolysis of water using renewable electricity) hydrogen to meet its targets. The UK has a hydrogen production target of 5GW by 2030. Currently announced hydrogen projects in the UK are presented below. Note that this data is from the draft Hydrogen market study from the Freeport Hub and may be subject to change.

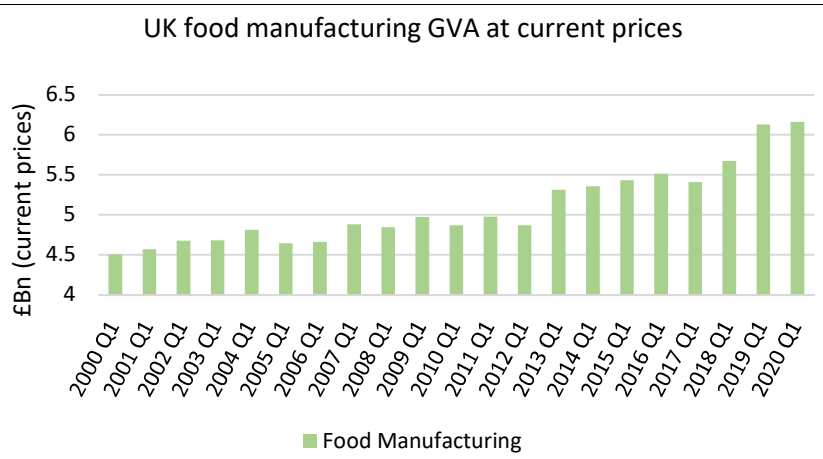
[7] IEA (2019) Offshore Wind Outlook.

[8] Dong Energy (2020) Maximising Offshore Wind Exports.

	 Hydrogen as an alternative to fossil fuels needs to overcome key challenges that hinder the sector's potential. • The production cost of blue and green hydrogen is currently high. Across the UK, there is significant interest in reducing the costs through R&D, pilots and manufacturing scale-up and automation in production, and as a result, green hydrogen production costs are expected to fall by 2040. • Hydrogen has low density, and it would require additional compression for economic transportation.
International Size & Growth Potential	Global hydrogen consumption is estimated at 80 to 100 million tonnes. Across the world, there are 228 hydrogen projects across the value chain. Of all announced projects, 55% are in Europe.[9] The sector has attracted significant investment over the past years, where hydrogen production accounts for the largest share of investments. Sector investment is estimated at $80 Billion, with an additional $260 Billon announced by 2030. Companies tend to target their investments in the hydrogen space toward three specific areas: the CAPEX of announced or planned projects, R&D, or M&A activities. Exporting hydrogen is difficult, and Freeport East is well placed to supply equipment and parts for production in Europe.
Tax relief justification	Hydrogen is a high capex market and faces viability issues both against alternatives (electricity, natural gas) and internationally (from competing hydrogen production component manufacturers). Significant green hydrogen projects are being announced across Europe, but there is currently limited activity in the UK.

Sector:	Agri-Tech
National Size & Growth Potential	Food and drink manufacturing contributed almost £29billion to the economy or 2.3% to national GVA in 2018.

[9] Hydrogen Council & McKinsey (2021) Hydrogen Insight.

	 In 2019, domestic sales of manufactured food and drink exceeded £73 billion, and UK food and drink exports exceeded £23 billion. The sector directly employs over 440,000 people across the UK, and the sector employment has grown by 19% between 2008 and 2018. Most of the sector businesses are SMEs, estimated at 97%. Agri-tech employment is predicted to decline through 2030, primarily due to a projected fall in employment in the farming subsector. Nevertheless, the employment prospects elsewhere in Agri-Tech are more favourable; employment in most other subsectors is projected to rise in the medium and longer-term. Despite the significant market growth potential, the sector faces some challenges. • Adopting agri-tech has been slow, primarily due to high costs – only larger firms can afford the investment and realise the returns. As most UK holdings are small (around 80ha), high adaptation costs are a significant barrier for the sector.[10] • Agri-tech and food manufacturing require skilled workers, which the sector is missing. Agri-tech is not seen as an attractive career among young people. The sector already struggles to operate at the required capacity, and existing employees require re-skilling.
International Size & Growth Potential	Food and agribusiness form a $5 trillion global industry that is only getting bigger. If current trends continue, by 2050, caloric demand will increase by 70%, and crop demand for human consumption and animal feed will increase by at least 100%. Some of the fastest-growing food manufacturing importers include Central and South America, which Freeport East is well placed to support due to its strategic location. During the first half of 2021, UK food and drink exports to non-EU countries accounted for 47% of total exports. Navigating new markets will require business support and product localisation, which Freeport East can provide. Furthermore, the sector has strong links with the logistics sector; for example, specialised packaging and localised labelling will be required.
Tax relief justification	As stated above, adoption of Agritech is currently cost prohibitive, which reduces the available market and hence viability of agritech manufacturers and technology providers. Tax benefits will allow a reduction in production costs, opening the market and allowing expansion in agritech activity.

[10] Satellite Applications Catapult (2018). Agricultural Technology – Market Review.

Sector:	Professional and Business Services
National Size & Growth Potential	Professional and business services add approximately £216.6bn to the UK economy. In 2016, the sector accounted for 27% of UK service exports and 25% of all UK businesses, with collective investment estimated at £34bn in 2016. The sector employs over 4.7 million people. The sector is perceived to be highly London centric; approximately 73% of jobs in the sector are located outside the capital. The biggest gap in the sector is skills shortages, as nearly 30% of employers report skills shortages, leading to increased operating costs and staff workloads. In 2018, it was found that professional services organisations in the UK are spending an extra £230 billion to overcome the shortage following Brexit. In East of England, the biggest skills gaps are in head offices and management consultancies.
Tax relief justification	Investment into specialised professional services such as R&D, tech, financial technologies and cross sector support is a core component of a cluster and to develop collaborative approaches the tax incentives will incentivise collaborative approaches to new product and service developments.

Sector:	Added value logistics
National Size & Growth Potential	The logistics sector is critical for the county's financial success, contributing approximately £127 billion GVA to UK economy. There is an estimate of 205,380 logistics enterprises in the UK, of which 22,540 are in the East of England. Road freight is the largest sub-segment estimated at £30 billion, followed by freight shipping, estimated at £6.5 billion.[11] There are approximately 1.7 million jobs in the logistics sector, with significant employee shortages. In recent years, eCommerce and online shopping have driven demand for logistics services, which has intensified due to Covid-19. Gaps in the UK logistics sector include the lack of modern facilities, which will help companies to improve their performance, which is highly integrated with other forms of transport.[12] In 2019, the UK logistics confidence index was estimated at 49.7, which is the lowers level since the confidence index was created. Companies providing value-added services, such as premium packing, delivery tracking and package localisation, are better placed to win additional work. The sector biggest focus is on technological upgrades. However, this is in many cases limited to larger companies with more capital available.[13]
Tax relief justification	Developing advanced, added value logistics such as robotics, services on cargo and innovative startups requires capital and skills. Freeport East competes with the major continental container ports in these sectors. In addition, the current market demand for warehousing space means more capital intensive added value logistics could be crowded out from prime port centric and well-connected locations.

[11] Statista (2020) Freight and cargo in the UK – Statistics and Facts.
[12] Department for Transport (2011) The Logistics Growth Review.
[13] Barclays (2019) The UK Logistics Confidence Index.

1c. Value Chain proposition

Competitive positioning of Freeport East

Freeport East will complement, not compete with, Freeports in other regions. It will utilise trade attributes not available elsewhere to capture new trading opportunities and promote Global Britain internationally. It will provide a gateway to Freeports in other regions.

Freeport East 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 alongside Gateway 14 a strategic site for logistics, manufacturing, and business on the A14. 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 a future global trade system that can reach deeply into new markets and expand the UK's global trade prospects. Our freeport will act as a springboard to Europe and the rest of the world.

It will also offer a regional Green Energy Hub at Harwich to develop clean and sustainable technologies which can be rolled out across the UK. Building on Harwich's involvement in offshore wind projects and close proximity to many of the Government's designated offshore wind farm sites and nuclear generation infrastructure means Freeport East will become a centre of technical excellence and new production and processing capability and will attract national and international manufacturers and developers for offshore wind turbines and renewable energy.

Innovation: The East of England has a global reputation for innovation and technology and possesses a well-educated and skilled workforce. With the exceptional innovation within Freeport East and 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 attract leading hydrogen production OEMs and offshore wind generation and cabling OEMs, in addition to value added food processing and logistics, modern methods of construction, agri-tech, engineering and renewable energy and broader added value manufacturing clients.

Deployment: Electrolysers will be deployed in some of the freeport sites, powered by clean energy from local existing and future nuclear at Sizewell and offshore generation from the likes of Galloper. At Harwich Tax Site we have planned laydown and construction areas for assembly and pre-installation opportunities for blades, turbine towers, nacelles and jacket substructures.

Exports: These trade hubs at Felixstowe and Gateway 14 Tax Sites, plus our customs sites can leverage economies of scale and provide a unique bridge between Asia and the UK offering excellent export logistics to inward investors to the growing market in Europe and the rest of the world.

End customers: Large scale investment in hydrogen needs secure demand to justify the significant investment to enable transition; the Port of Felixstowe and Harwich have the most reliable truck volumes in the UK and are best placed for the implementation of a hydrogen-led logistics hub. The Port of Felixstowe has 350 items of mobile equipment ready to be trialled with hydrogen alternatives plus, as a major UK PLC transport hub, is regularly visited by 7,000 trucks per day and 38 trains per day. 50% of all offshore servicing spend is on suppliers within 30 miles of the offshore wind farm's port base.

Synergies: Offshore wind will be a primary input for green hydrogen production, which will utilise excess offshore energy even at times of low demand. As the offshore sector develops, the hydrogen will fuel future offshore service fleets. In addition, this will complement the drive for value added food processing and logistics, modern methods of construction, agri-tech, engineering and renewable energy businesses looking to occupy all three (3) Tax Sites.

Other activities: Other key considerations are logistics activity and space for non-manufacturing businesses. We will create dedicated space for warehousing, parking and container handling to minimise logistics costs and have also identified space for commercial offices for smaller companies and start-ups to benefit including the Innovation & Skills centre at Gateway 14. We also anticipate opportunities to host consolidation and export hubs providing a springboard into Europe and the rest of the world for UK exporters that are currently considering relocating to the EU or elsewhere to avoid double customs duties.

In addition, energy from local offshore wind and new nuclear sources will drive the development of a Green Hydrogen Hub in the Freeport utilising the existing mass of road, rail, and maritime freight movements at the ports to deploy an effective and influential hydrogen programme for uses across the freight sector. To drive this innovation, we will work with the Universities of Cambridge, Birmingham, Cranfield, Essex, and Suffolk harnessing their expertise to make the Green Hydrogen Hub of global significance, exploring the potential to redevelop the Harwich Skills Centre to support the training and development of young people from the local area to take advantage of these emerging opportunities.

Freeport East is part of the A14 growth corridor and is connected to London via the A12 and A120 - having the Gateway 14 Tax site and custom sites along the major trunk routes adds significant value to our regional economy and helps to connect the Freeport to the Northern Powerhouse and Midlands Engine to encourage collaboration and supply chain opportunities.

Freeport East can be quickly operationalised. All three tax sites have existing planning consents already in place albeit Bathside Bay, Harwich, is based on the planned phased development of a container terminal. The gaining of Freeport designation provides the opportunity to strengthen the planned first phase in the port development at Bathside Bay, as well as to attract new commercial operators to the site and begin the creation of the Harwich Green Energy Hub.

On Gateway 14, infrastructure works commenced in April 2022 and the road opened in February 2023 with all infrastructure works completing this summer and landscaping works completing over the next two planting seasons.

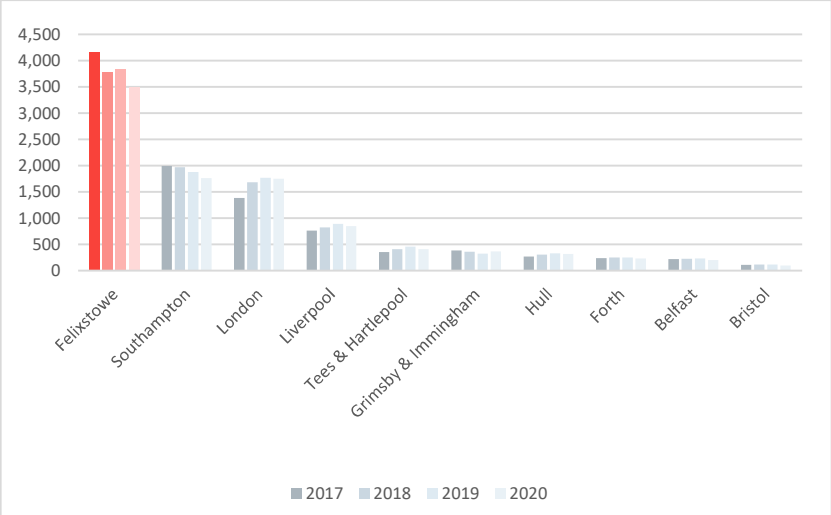
A comparative analysis of national and international competitors.

The proposed Freeport East tax sites are strategically located in an already densely utilised industrial zone encompassing two of the UK's major trade hubs; Felixstowe and Harwich. These facilities already facilitate major trade volumes between the UK and the EU (specialising in unitised cargoes, lo-lo and ro-ro respectively), and the rest of the world. While the inward investment and package of benefits associated with Freeport status can reasonably be assumed to enhance the already best value for money credentials of this cluster; it is important to consider the future competitive landscape in the strategic areas targeted by the Freeport development. Specifically, the areas of competitive focus are:

- Lift on - lift off cargoes: Felixstowe is the largest container handling facility in the UK handling 36.2% of all UK unitised cargo, being twice as big as its nearest competitor port.
- Roll on - roll off cargoes: whilst Harwich is the eighth largest ro-ro facility in the UK, when combined with Felixstowe ro-ro facility they represent one of the largest International ro-ro operations in the country.
- Offshore wind operations and maintenance: the cluster as a whole is strategically positioned to serve the UK's burgeoning east coast offshore wind farm sector.

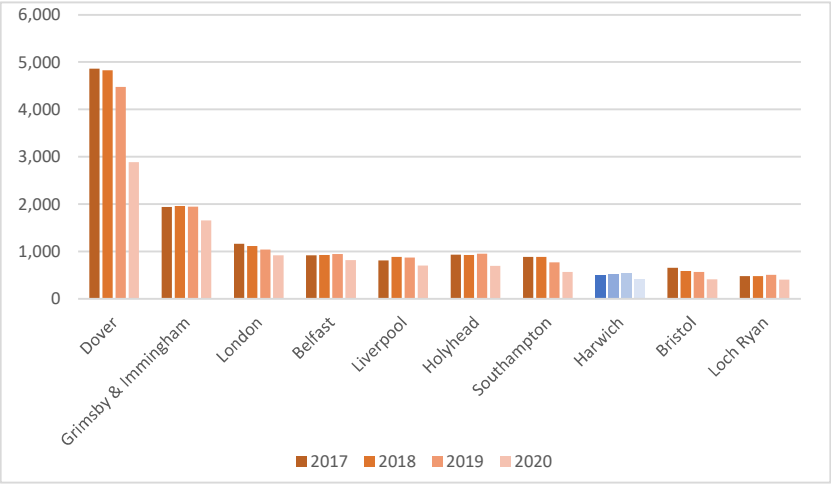
Each of these areas are considered in turn below.

Lift on - lift off cargoes



Felixstowe serves markets throughout the UK to the north via strong rail links to the north, and the rest of the country strong logistics offerings locally and connections to the Midlands and the North's "golden triangle". Key competition is attributed based on origin / destination of trades; in southern markets it competes with Southampton and London Gateway; whereas key northern markets competition comes from Liverpool, Tees, Grimsby & Immingham, and Hull. Felixstowe provides some of the deepest water close to the open sea of any European port. Around 17 shipping lines operate from Felixstowe, offering 33 services to and from over 700 ports around the world.

Roll on - roll off cargoes



Dover is the largest ro-ro facility in the UK by some distance; however, Harwich is a major facility which handles roughly half a million units per annum. Harwich facilitates 25 weekly trade services between the UK and the Netherlands (both Hook of Holland, and Rotterdam Europort) with Stena Line as its contracted anchor customer providing volume certainty. Its facilities also aid its competitive positioning with best in class load / offload facilities, two dedicated ro-ro berths, and capacity for vessels up to 240m in length and 8.5m depth. When you add to this the ro-ro activities at Felixstowe, with 3 frequent daily trade services operated by DFDS between the UK and the Netherlands (Vlaardigen), combined Freeport East represents one of the country's largest international ro-ro operations.

Hydrogen:

The Hydrogen Strategy published in August 2021 highlighted challenges with hydrogen distribution in the short term – where most of the UK's current hydrogen production is consumed in co-located industrial facilities such as steel and oil refineries / chemical facilities in Humberside and Teeside. Freeport East's offer is different to these freeport sites, whereas they seek to decarbonise their existing hydrogen production which uses natural gas and carbon capture utilisation and storage (called blue hydrogen), Freeport East will have an early mover

advantage in green hydrogen. Given the scale of the climate challenge, the government has decided not to prioritise investment in either generation method in the strategy but to pursue both types – although some will be consumed within the port where it will be produced, there will be a need for manufacturing and supply of mobile pressurised tankers and storage facilities.

Aside from Sizewell C, there are a number of other major construction sites either underway or coming forward in the next decade where hydrogen could play a role such as Bradwell B, the Public Health England and Princess Alexandria Hospital construction sites in Harlow, the London Resort in Northfleet in Kent, the Lower Thames Crossing, all of whom are keen to demonstrate and deliver carbon reduction during construction.

Export of hydrogen generation equipment and fuel cells may add £0.5 billion to GVA and 3,600 jobs per annum. Freeport East's Green Energy Hub at Harwich will contribute significantly to the projected 5GW of low carbon hydrogen production capacity, 9,000 jobs and £4 billion investment by 2030. We will drive this growth developing a hydrogen ecosystem through our Green Energy Hub working with commercial partners.

Value Added Food Processing and Logistics

Maintaining effective control with regard to the robustness and security of the country's food supply chain is of increasing national importance, particularly with present challenges arising as a result of global supply chain disruption and the well published current UK and international driver and labour shortages, creating shortages of supply for the supermarkets, retailers, food production and hospitality.

Freeport East offers the opportunity for inward investment by businesses who provide value added food processing and logistics services which can address these supply chain challenges with the building of bespoke facilities within our Freeport and most notably in close proximity to the Port of Felixstowe serving both the Felixstowe and Gateway 14 Tax Sites.

The Port of Felixstowe is supported by a number of government agencies to ensure food is properly checked and processed efficiently through the port and Suffolk Port Health, being co-located on site within the examination facilities at the port, is the largest port health authority in the country.

Modern Methods of Construction

A further key sector, with significant potential for innovation, is the Modern Methods of Construction sector for housing (MMCH). The fact that many components for MMCH are created in China and shipped to Felixstowe makes Freeport East a natural choice for location. Combined with the significant housing demand in the area (circa 100,000 homes pa within a 100-mile radius), especially social housing which is sadly lacking, and the proximity to key Higher Education Institutions as well as relationships with relevant others, means that this important sector can grow significantly in Freeport East and benefit from the innovation infrastructure available.

We are in discussions with an MMCH manufacturer who specialises in the social & affordable housing sector with a net zero compliant product and who is keen to base at Freeport East due to the geographic advantages, the market opportunities and the benefits provided by freeport designation. This opportunity will not only provide rapid housing construction at scale in an area of high housing need, but also skilled employment opportunities for communities within deprived areas. This will in turn derive additional economic and social value to the Freeport East proposition and also spread that value to the benefit of disadvantaged communities across the East of England region through the deployment of its products.

The nature of the Freeport East partnership, incorporating as it does two County Councils and five District Authorities as well as key Further and Higher Education Institutions provides the sector with access to market for social housing and innovation expertise

The need for an increase in the rate of house building along with commercial developments and major investment in infrastructure to enable sustainable economic growth to be achieved is well documented (Housing White Paper, 'Fixing our broken housing market' and MHCLG/DLUHC 'Planning for the future'). These step changes need to be delivered in the context of a construction industry that has major structural problems including low productivity, lack of innovation and a declining labour force where were all examined in the Farmer Review of the UK Construction Labour Model: Modernise or Die, 2016.

SME's make up 99.9% of the sector and their role is critical to supporting growth objectives but SME's are playing a declining role in housing construction since the last recession and struggle to access the finance to develop smaller sites and struggle to compete for public sector contracts due to the lack of visibility of the supply chain. SME's also struggle to embrace innovation in order to capitalise on the growing need for their services and improve their productivity. Over the past 25 years, productivity in the whole economy has grown by 41% as new technology and new ways of working make business and industry more effective. In construction, it has grown by just 11%. In the construction sector, labour is the determinant of overall unit of productivity whereas in other industries, automation effectiveness is more significant.

Innovations in construction include Business Information Modelling and 3D printing alongside software functioning and interoperability but more is required. Better data management is required and the need for an improvement in materials science and construction techniques. Offsite construction is one innovation which has the potential to transform the sector through improving productivity, providing better certainty of delivery and overcoming some skills shortages (though not all skills shortages in the sector). There is increasing awareness and some acceptance of Modern Methods of Construction (MMC) but take-up has been slow amongst major developers. The primary adoption, where there has been adoption, has been amongst social housing providers such as Swan who have invested in purpose-built factories.

In 2020, Homes England announced the new five-year £7.3 billion Affordable Homes Programme (AHP) to support the building of 130,000 affordable homes outside London in 5 years. Over the next 20 years, it is anticipated that over 4 million new social homes will be required (at least 1.1 million of these are needed immediately). It expects that 25% of the homes will be delivered by modular construction techniques. The Construction Playbook published last year acknowledged the role that modular and offsite construction can "deliver efficiencies and higher quality and safer solutions with lower GHG emissions quicker than traditional construction methods". Although advisory it also called for a presumption in favour of the technology by government buyers of construction projects.

There is currently only one manufacturer of modular housing in the Freeport East 45 km radius at Bury St Edmunds although there is a ready base of local skills to support many more. Suffolk New College and Suffolk Rural (Otley) as well as West Suffolk College also have significant experience in delivering construction courses will placements in high demand. Colchester Institute has a significant tradition in construction related skills from pre-apprentice training to BSc degrees in construction site management and works closely with a charity called Building Heroes which trains military leavers and veterans in construction skills. They would be open to developing specific apprenticeship pathways in offsite construction.

The Haven Gateway Partnership jointly with Braintree District Council is currently delivering an ERDF-funded project, I-Construct, which seeks to assist SME developers and their supply chain to embrace new technology and innovation in construction. One of the objectives of the project is to equip the local SME construction supply chain to take advantage of modular

construction and we would seek to support local SME's to design and build modular components for a modular house manufacturer such as the hub and spoke model. One of the leading centres of expertise in this regard is the University of Wolverhampton and we would be keen to encourage their expertise to Freeport East via collaboration, as we have already done with Cranfield.

We also have the potential opportunity for the Gateway 14 Innovation and Skills centre to be used for some of the training delivery for modular housing as well as potential additional research collaborators in the University of Essex, BT Labs and the Centre for Built Environment at Cambridge with whom Freeport East already has relationships. This is in addition to the national resources which Haven Gateway Partnership's & Braintree District Council's I-Construct project can lever in via links with BRE.

Agri-tech

Although agriculture accounts for nearly 70% of the UK land use and 9% of its greenhouse gas emissions, it only accounts for under 1% of GDP. According to DEFRA, in 2019 the UK produced 55% of its food (defined as domestic production less exports) with a further 26% imported from the EU and 19% from the rest of the world. The Port of Felixstowe is the largest import port of containerized food and, with a seven-hour crossing from the Hook of Holland, Harwich is still an important entry port to the UK for Dutch-grown flowers and glasshouse crops. Domestically, the four counties in the immediate hinterland of Freeport East (Norfolk, Suffolk, Essex and Cambridgeshire) account for 10% of the UK's farmland but use it to produce approximately two thirds of the UK's sugar, a third of its potatoes, over a fifth of its pigs & poultry, a fifth of its field vegetables and approx. 15% of its wheat and barley.

There are four ways in which Freeport East is seeking to support innovations within agri-tech:

- The utilisation of hydrogen on farms
- Expertise in 5G and data science for precision farming
- Support for vertical farming innovations to ensure consistency of food supply
- water management and alternative growing methods

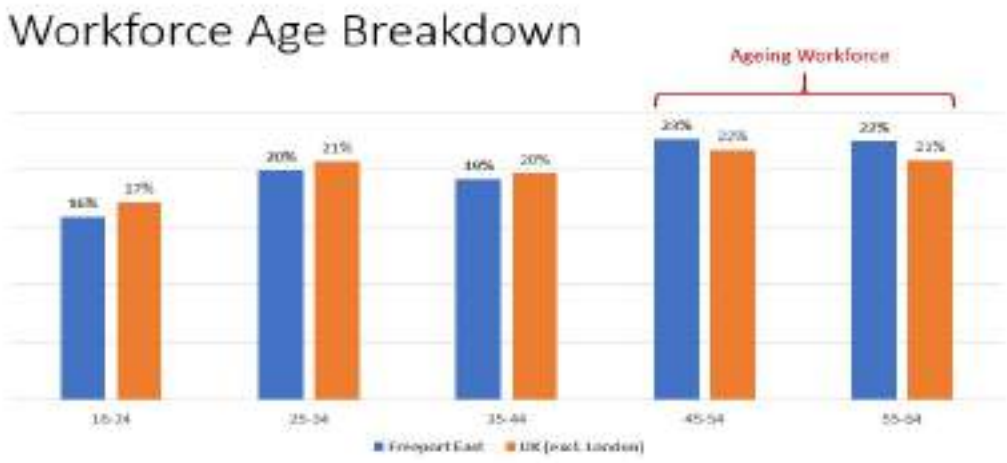
Agriculture received one mention in the Energy White Paper and none in the Hydrogen Strategy. Farmers are well aware, however, that from April 2022 they will be the only sector of the economy entitled to buy excise-free diesel for off-road use; and accept the inevitability that this concession will end.

In addition, farmers are consistently challenged to diversify sources of income or save money and hydrogen could be produced on farms, either from electrolysis where the farm already has solar/onshore wind generation capacity and sufficient fresh water supply or from the fermentation of pig slurry via anaerobic processes (a significant agricultural subsector in the Freeport East hinterland) or via biomass. Although there are no farms in the tax and customs sites those farms in the locality could access the expertise being developed in the energy hub to train staff in the safe handling/transport of hydrogen and Writtle University College in Chelmsford is keen to support. A local farm is already preparing to submit a planning application to build an electrolyser using water from on-farm reservoirs and hydrogen storage facilities.

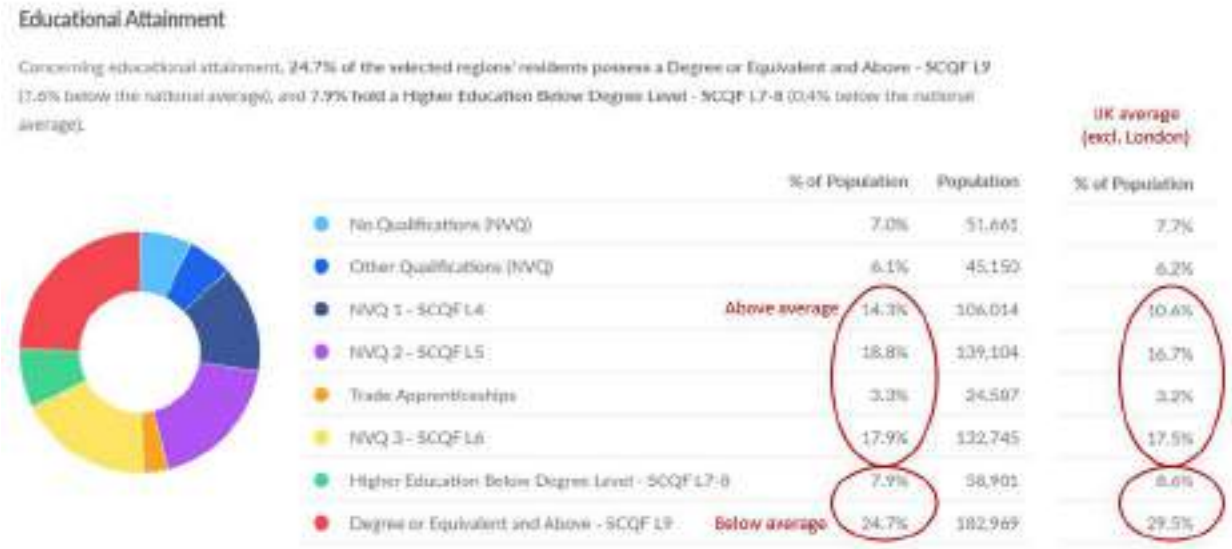
The uses of hydrogen are threefold, first the powering of agricultural vehicles, secondly the production of ammonia-based fertiliser either for on-farm use or commercial sale and thirdly the potential for local heating/lighting for example for glasshouses or poultry sheds or, depending on scale, potentially rural heat networks.

Shortfalls in the value proposition and how Freeport interventions may address these

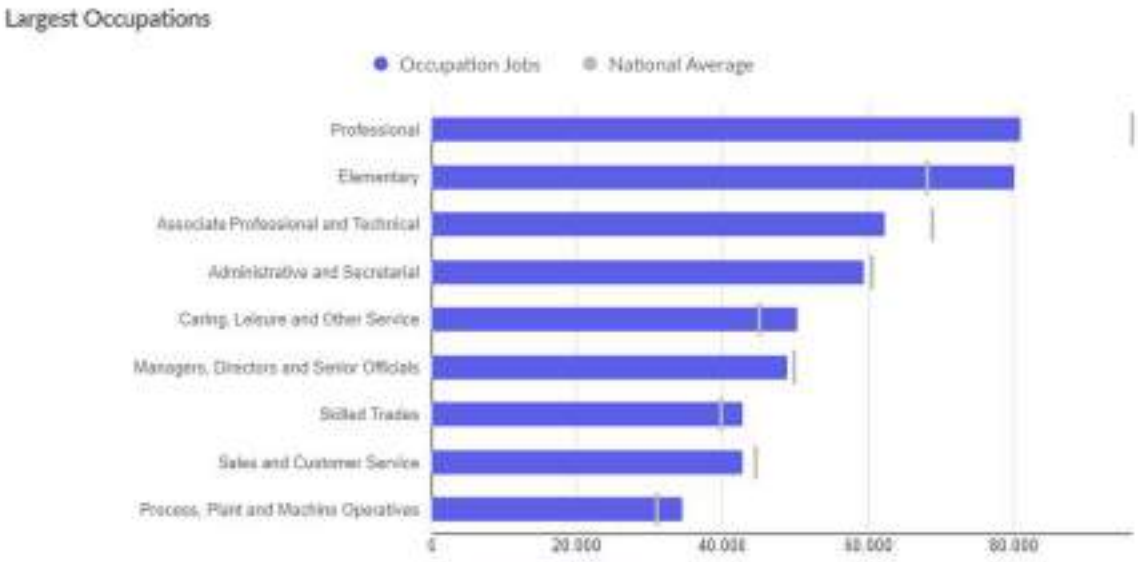
Within the Freeport Economic Area there is an available workforce of over half a million and around 23 thousand of those are seeking employment, with a further 160 thousand who may be enabled to work if barriers to employment were addressed. Freeport East will address this underutilised workforce through interventions into upskilling and reskilling of the local population and ensuring that there is a direct route from skill provision to employment in the companies hosted within the Freeport.



Within the Freeport Economic Area there is an ageing workforce and measures will be implemented through Freeport East to not only ensure that young people are upskilled, but there is a greater retention of skill through better promotion of employment opportunities and direct linking of skill programmes to large employers.



Within the Freeport Economic Area there is a higher ratio towards lower skilled qualifications within the workforce. This means that Freeport East will support interventions that seek to improve accessibility within the high skilled roles to maximise the available pool of local employees. The Freeport East Skills Sub- Group will be set up to lead on ensuring that these interventions are realised.



Freeport East's strengths in existing employment are within professional and technical occupations with no significant weaknesses excluding elementary roles, this will aid the economic rationale for investments that rely on these sorts of roles and will be utilised in our promotion of our investment opportunities.

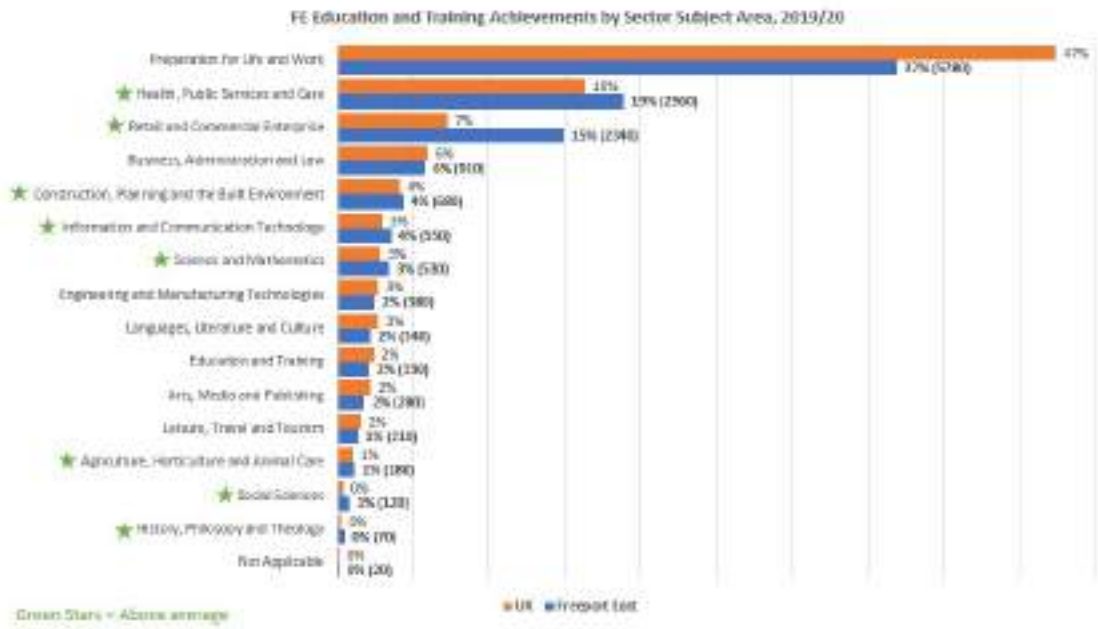
Jobs growth and wider regeneration are central aims of the Freeport East proposition. The freeport covers a diverse area with pockets of significant income and employment deprivation: 18% of areas in Tendring ,14% of areas in Ipswich and 11% of areas in Colchester were ranked among the top 10% most deprived in England in 2019 according to the English Indices of Multiple Deprivation, with four areas in Tendring ranking among the top 1% most deprived

areas in England and one area in Jaywick Sands (Tendring 018A) ranking as actually the most deprived area in the country.

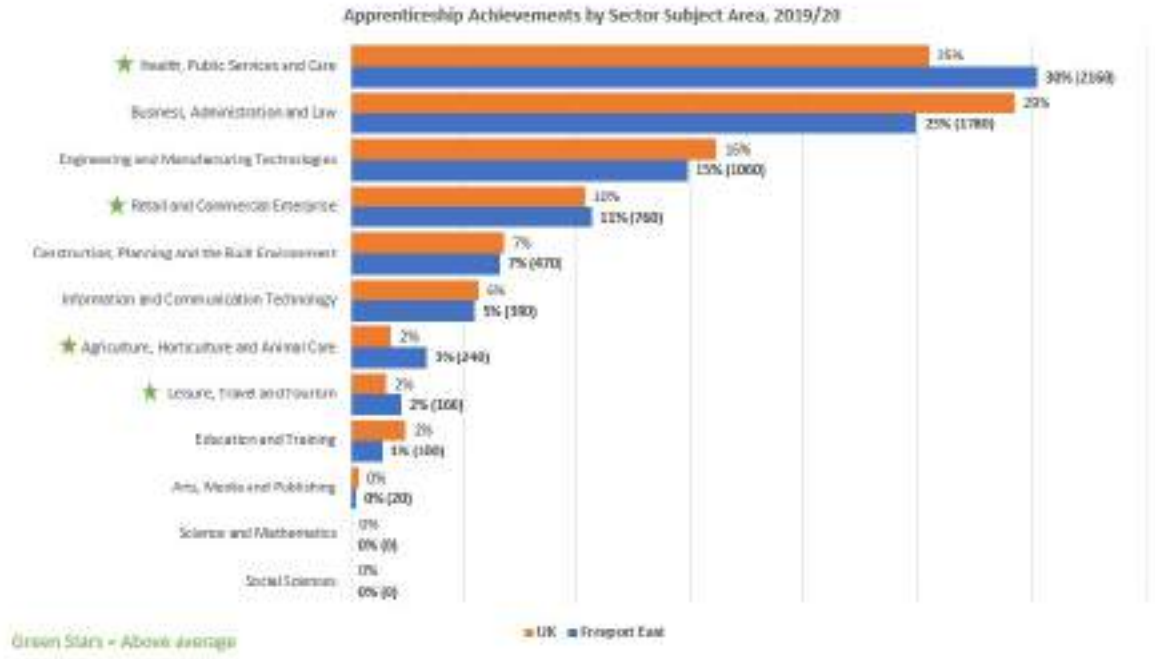
GDP per capita across the Suffolk and Essex Haven Gateway areas trailed both the broader East of England region and the whole of England in 2018, with GDP in Essex Haven Gateway at £25,800 (ranked 140thout of 179 local areas) per head compared to £31,980 across England. Economic inactivity, skills deficiencies and suppressed household income are concentrated in and around Harwich and Dovercourt, Clacton and Jaywick Sands, south Felixstowe, and parts of Ipswich. Job growth in the Freeport area increased by 1.9% from 2015-2020, trailing significantly behind the national average of 5%.

Wage growth has been particularly weak in recent years and the total average wage per job across the board is also significantly below national average - £27.4kpa vs £30.3kpa, reflecting the rise of self-employment and less secure contracts, especially in lower skilled jobs. ONS data show that average weekly earnings in the freeport area are often significantly below the national average. Weekly earnings in Tendring (£556) and Ipswich (£527) are below the GB average (£587) and also below locations such as Liverpool (£571), often considered more 'deprived'. Low incomes are widespread and entrenched across many of our communities and our freeport is designed specifically to create new economic opportunities to address this challenge head-on.

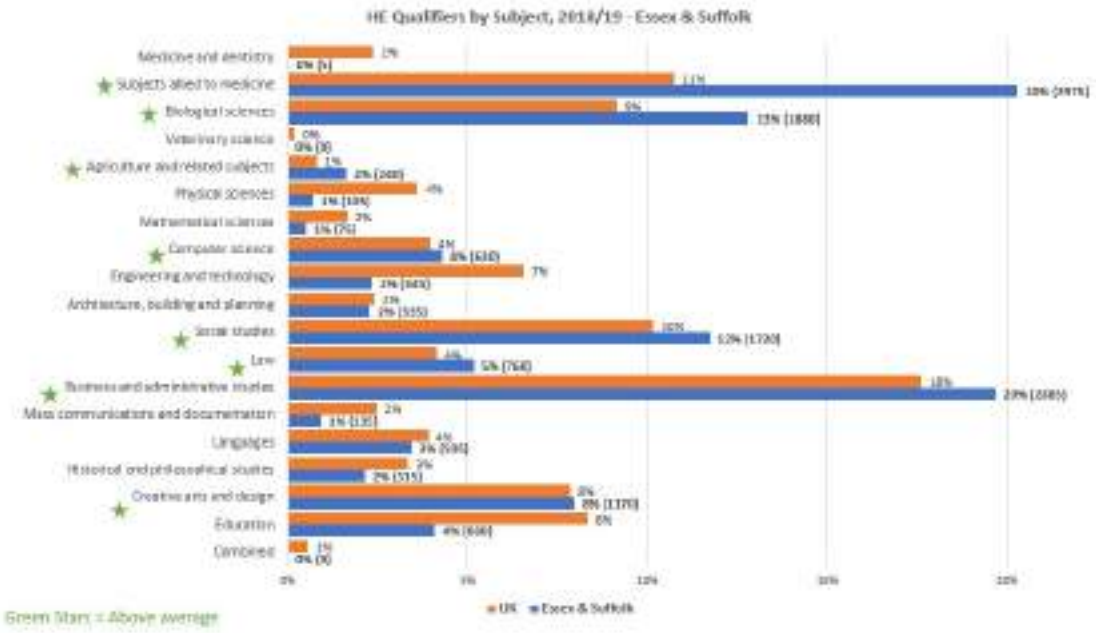
Analysis of the skills available within the local labour market and those the Freeport will require to realise the proposed job creation outcomes



Freeport East's skills needs are strongly focused around preparation for the workplace, there is strong drive towards retail and commercial stores. There is a requirement for Freeport East to improve aspiration through the removal of barriers to local high value employment, providing local learners direct access to businesses to embed life and work skills that are not accessible within retail and commercial stores though our skills initiatives.



Freeport East's local use of the national apprentice scheme and its relevant support schemes are strongly weighted towards health and public sector use. There is a comparable uptake of the Engineering and Manufacturing sectors. Freeport East will promote the apprenticeship scheme to increase the uptake across the high value businesses within the tax sites.



Freeport East's local area has a strong tendency towards supporting health, biology, social and business administration in comparison to the UK. There is a clear aspirational weakness and provision within engineering and technology that Freeport East interventions will focus on addressing to meet the demand from the high value production focused businesses Freeport East will target.

Freeport East's local area has a stagnant wage growth, with job postings not being significantly lower or higher during the Covid pandemic, the temporary wage growth experienced is showing signs of stabilising, the high value jobs Freeport East will incentivise will seek to support accelerated wage growth to help close the gap towards the UK's national salary of £31k.

Deprived areas within Freeport East

Freeport East covers a diverse area with pockets of significant income and employment deprivation: 18% of areas in Tendring, 14% of areas in Ipswich and 11% of areas in Colchester were ranked among the top 10% most deprived in England in 2019 according to the English Indices of Multiple Deprivation, with four areas in Tendring ranking among the top 1% most deprived areas in England and one area (Tendring 018A) ranking as the most deprived area in the country.

GDP per capita across the Suffolk and Essex Haven Gateway areas trailed 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. Economic inactivity, skills deficiencies and suppressed household income are concentrated in and around Clacton/Jaywick, south Felixstowe, Harwich and parts of Ipswich. Job growth in the Freeport area increased by 1.9% from 2015-2020, trailing significantly behind the national average of 5%.

The Hidden Needs report completed in Suffolk in 2020, concluded that over time, the county is becoming relatively less advantaged, and more deprived compared to other areas of England. In 2007, Suffolk was ranked 115th out of 149 Upper Tier Authorities, by 2019, it had slipped to 99th.

The Freeport East designation and associated growth and investment will allow us to target our skills interventions, and other Freeport levers including investment and innovation, at those most in need in the communities that are most deprived. We will use the available data to tailor our programmes to address the issues that are affecting our specific communities, thereby providing the greatest benefit to the region.

We have gone into more detail around some of the potential interventions below, but we are clear that the substantive benefits from the Freeport designation for our region is to support our

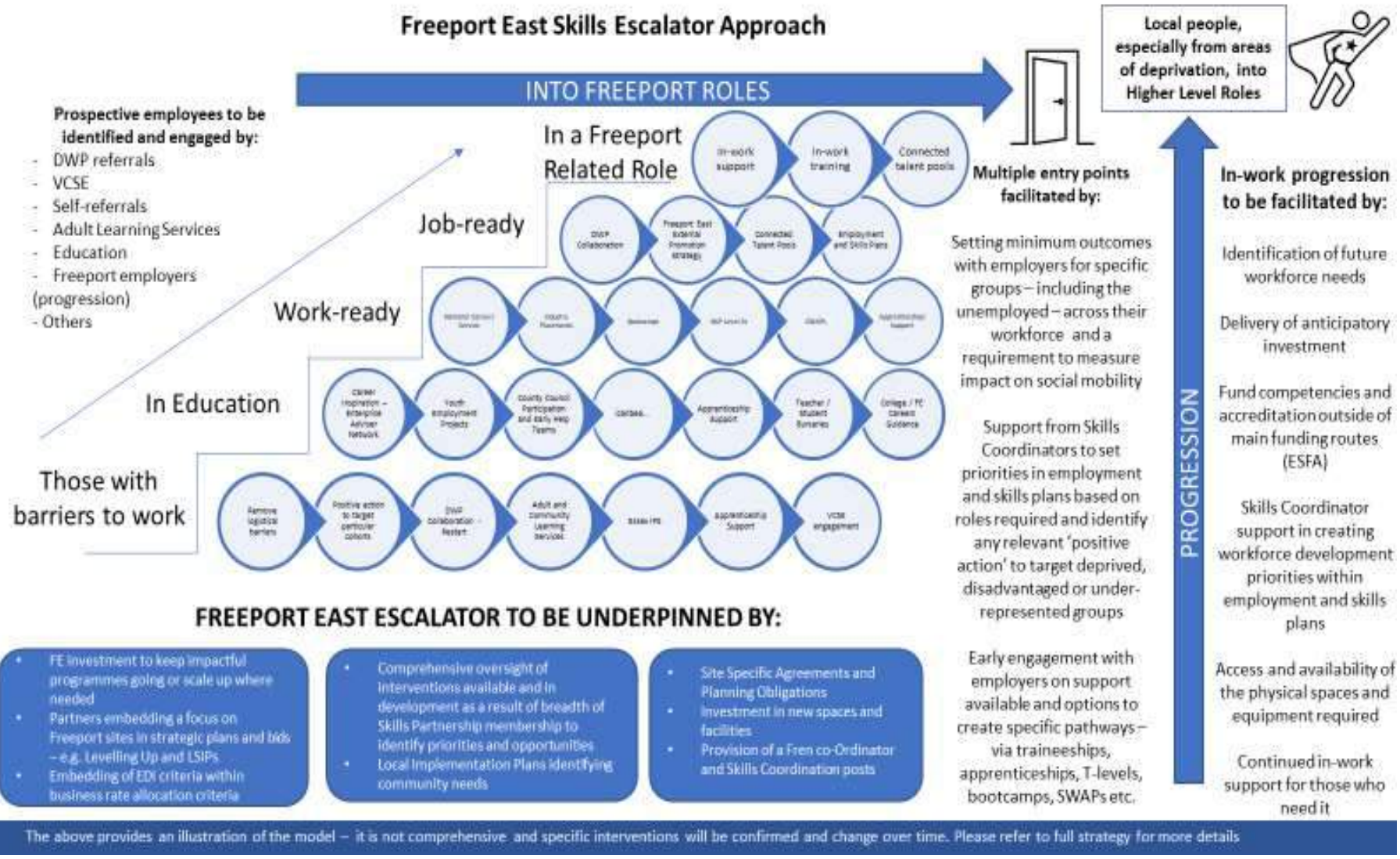
deprived communities across the board to access the services and support that they need to be able to capitalise on the new jobs and investment coming into the region.

To do this, we will work with our communities to pilot initiatives, we will share best practice from across the wider East of England region and expand delivery of services where we have seen positive outcomes, we will work with our partners across the region including DWP and our VCSE colleagues to identify people who need additional support and we will use the Freeport levers as part of our tools to reduce all deprivation indicators across all our communities.

Escalator Model

Freeport East and its partners will raise career aspiration through the creation of sustainable and progressive employment opportunities and contribute to a further enhanced integrated careers and advice system which connects and inspires people into training for the careers available locally utilising the Enterprise Adviser Network and National Careers Service as well as local initiatives.

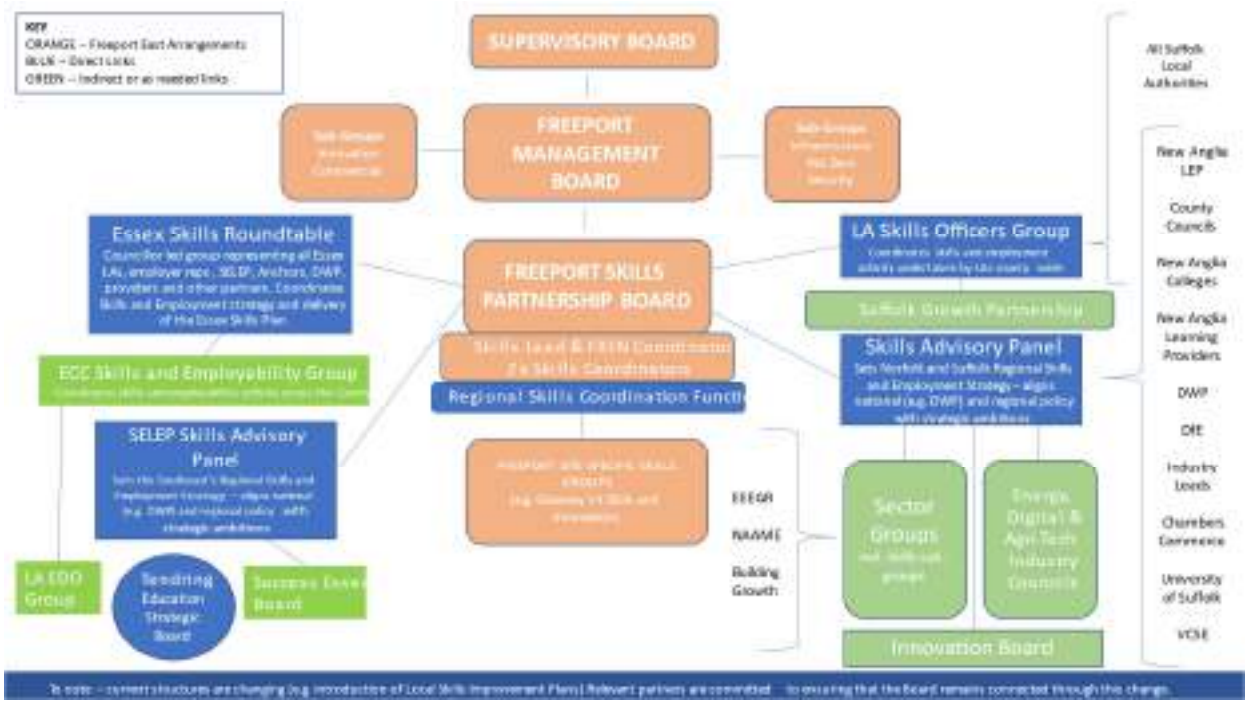
This, combined with actions from across all the priority areas identified, form an Escalator model that Freeport East will use and strengthen through Freeport levers and mechanisms to ensure there are multiple entry routes to sustainable employment alongside in work progression and support for those within the Freeport geography, maximising the local benefits of Freeport East employment opportunities. The following diagram provides an outline of the model:


Freeport East Skills Escalator Approach
INTO FREEPORT ROLES
Local people, especially from areas of deprivation, into Higher Level Roles
Prospective employees to be identified and engaged by:
- DWP referrals
- VCSE
- Self-referrals
- Adult Learning Services
- Education
- Freeport employers (progression)
- Others
In a Freeport Related Role
Job-ready
Work-ready
In Education
Those with barriers to work
In-work support
In-work training
Connected talent pools
Multiple entry points facilitated by:
Setting minimum outcomes with employers for specific groups – including the unemployed – across their workforce and a requirement to measure impact on social mobility
Support from Skills Coordinators to set priorities in employment and skills plans based on roles required and identify any relevant 'positive action' to target deprived, disadvantaged or under-represented groups
Early engagement with employers on support available and options to create specific pathways – via traineeships, apprenticeships, T-levels, bootcamps, SWAPs etc.
PROGRESSION
In-work progression to be facilitated by:
Identification of future workforce needs
Delivery of anticipatory investment
Fund competencies and accreditation outside of main funding routes (ESFA)
Skills Coordinator support in creating workforce development priorities within employment and skills plans
Access and availability of the physical spaces and equipment required
Continued in-work support for those who need it
FREEPORT EAST ESCALATOR TO BE UNDERPINNED BY:
FE investment to keep impactful programmes going or scale up where needed
Partners embedding a focus on Freeport sites in strategic plans and bids – e.g. Levelling Up and LSIPs
Embedding of EDI criteria within business rate allocation criteria
Comprehensive oversight of interventions available and in development as a result of breadth of Skills Partnership membership to identify priorities and opportunities
Local Implementation Plans identifying community needs
Site Specific Agreements and Planning Obligations
Investment in new spaces and facilities
Provision of a Freeport co-Ordinator and Skills Coordination posts
The above provides an illustration of the model – it is not comprehensive and specific interventions will be confirmed and change over time. Please refer to full strategy for more details

Collaboration and Representation

Freeport East will develop a Skills Partnership Board that will ensure all wider skills and education partners are thoroughly involved in all skills activity of Freeport East and ensuring that Freeport East is maximising the opportunities to support and deliver national and local interventions. The diagram below shows the partners that alongside New Anglia LEP, South East LEP, Suffolk County Council, Essex County Council, National Careers Service, Enterprise Advisor Network Lead, DWP, Skills subgroup lead (Freeport East employed role) and the FREN Coordinator will form the Skills Partnership Board. An additional diagram is provided to further outline how the Skills Partnership Board will become the conduit between the local skills landscape across Suffolk and Essex and the wider Freeport East Governance structure.

Now that the first occupiers have been identified for Gateway 14 and Bathside Bay, we are engaging with the local DWP team to ensure they have an awareness of the roles being created and the timelines for recruitment, so that we can create a tailor-made programme to ensure these roles are available to DWP priority customers, particularly those in our most deprived communities.



Inclusive approach and Targets

The Freeport East skills vision sets out an ambition to deliver:

'Flexible, modular, innovative and dynamic training that meet the needs of Freeport East businesses and those retraining, upskilling and new entrants to the relevant sectors'

It also sets out within Priority 2 how Freeport East will embed and secure social value commitments across all Freeport East business activity and identifies specific outcomes of:

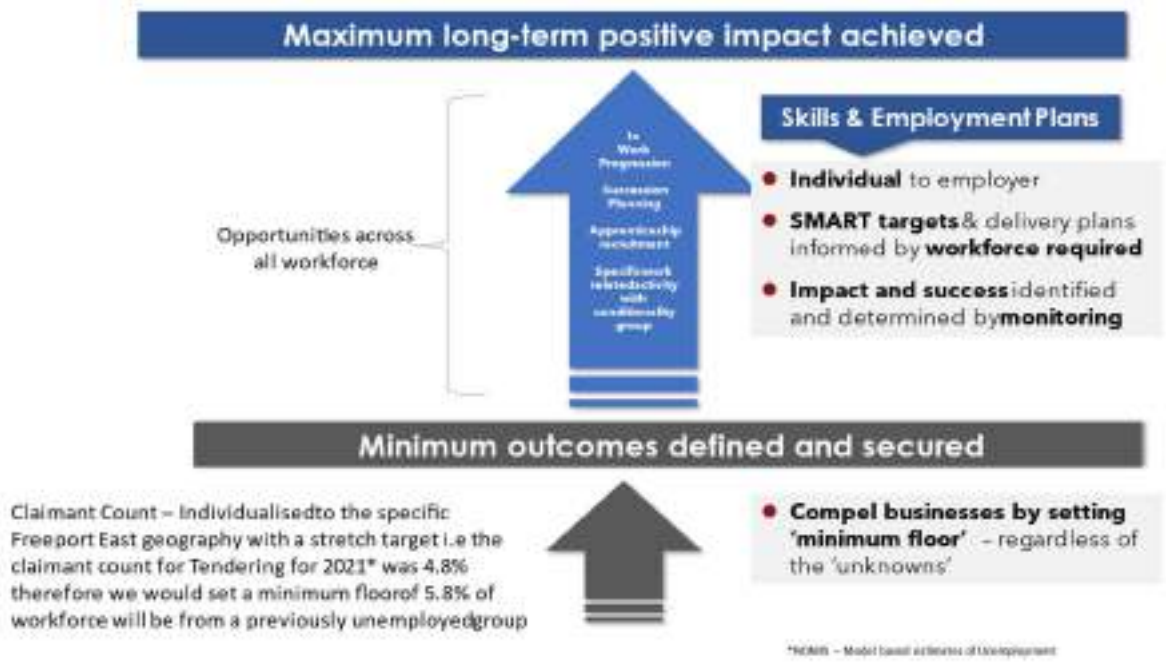
- creation of employment, apprenticeship and placement opportunities for local people and priority groups
- positively enabling recruitment of staff who are:
    - rurally isolated
    - working parents
    - ex-offenders
    - long term unemployed
    - special educational needs or disabilities
    - care leavers or currently in care
- becoming a 'Disability Confident' employer
- supporting the wider aims of all Local Authorities such as addressing isolation, particularly older people isolated through rurality or deprivation

These specific outcomes, and how Freeport East enriches and enhances current activity, will be delivered through the range of interventions as set out from page 36 onwards in the challenge section.

Freeport East will work with each business partner to create skills and employment plans that are individual to their business. This work will be carried out by the team of the FREN coordinator, Skills Lead and the skills coordination function.

The skills and employment plan will set individual targets that each company will achieve in support of the wider mission that seeks to ensure that employment is sought from a wide breadth of sources, as set out above and targeting the specific Universal Credit caseload by Conditionality Regime as dictated by need at that point in time.

This will be supported by the compulsion of minimum standards, through planning levers, that all business partners will set targets to deliver a workforce made up of 1% over the unemployed rate as set by the model-based estimates of unemployment (NOMIS) for the specific Local Authority. This will be indexed linked to ensure that it is relevant at the point of discussion.



This ensures that each employer, as a minimum, is compelled and contributing to the work to provide employment opportunities for those who are currently unemployed.

The skills and employment plan, supported by the Skills Coordinators, will then be able to look at the employer's workforce requirements in detail to understand the opportunity and propensity for local employment, especially in areas of deprivation, and will set specific targets down to the detail of conditionality group working with DWP partners that the roles are most suitable for. This will deliver on Freeport East's objective of promoting regeneration and bridging the gap to employment.

Commitments and Site-Specific Agreements

Businesses located on all designated tax sites will be required to sign up to site specific agreements alongside producing a skills and employment plan that ensure obligations are met in relation to a set of added social value expectations and in line with Freeport Monitoring and Evaluation guidance.

As part of this agreement, we will ask employers to commit to measuring applicants and employees socio-economic background and therefore measure the impact they are having on social mobility within the Freeport East Economic Area.

Measuring applicants and employees socio-economic background will provide a data baseline offering organisations an understanding where those from lower socio-economic

backgrounds stop progressing. Actions can then focus on removing barriers that are limiting upward mobility in an organisation. It will also monitor whether individuals from lower socio-economic backgrounds are applying for roles which can steer an evaluation of recruitment methods.

As a 'toolkit' we will provide the businesses and their associated supply chains with information and guidance published on Social Mobility Works.org (Measurement - Social Mobility Commission (socialmobilityworks.org))

In summary, measuring an individual's socio-economic background will be a vital part of data collection for the Freeport as it will demonstrate an impact on social mobility and will ensure Freeport East opportunities are reaching deprived individuals.

Skills and employment plans will be reviewed against this data baseline to ensure that ongoing actions maximise opportunity to deliver regeneration and bridge the gap to employment.

The employment and skills plans will use and coordinate local, regional and national interventions. These interventions are not always visible or understood fully by employers and therefore opportunity is not always optimised, through the dedicated resource of the Freeport East Skills Coordinators who will have detailed knowledge of the skills and education system and funding regimes Freeport East will ensure that employers make best use of interventions and programmes such as:

- Bootcamps
- Multiply
- Traineeships
- Sector based work academies
- Apprenticeships (including levy use and transfer if applicable)

Due to the integration of the Skills Partnership Board, and the Skills Coordinators, in the wider skills and education stakeholder networks in Essex and Suffolk Freeport East can guarantee that its knowledge of available interventions is up to date and relevant.

Supporting Infrastructure

One of the benefits of having a Freeport that crosses Local Authority, County and LEP boundaries is that there are a significant number of existing programmes that have been developed to address local need or specific deprivation or rural isolation challenges. As we have such a strong cross boundary partnership, we are sharing experiences and lessons learned across all these programmes which will allow us to focus on delivering a coherent, tailored and bespoke programme to address specific social mobility and inequality challenges across the Freeport East region.

There are already a significant number of programmes running across Freeport East that are aimed at tackling inequality or social mobility challenges. A selection of these have been summarised below as examples of programmes that have been delivered across Tendring in the last year via CRF.

We are intending to review these schemes as well as all other existing programmes, and if they have delivered successful outcomes, we will look to extend delivery across the wider Freeport East geography to address wider social mobility challenges.

UKCRF - Planting the Seeds for Growth in Tendring – ends Dec 2022: This CRF funded project aims to allow individuals to access support and training to address the negative

impacts of covid 19 on their employment status, physical and mental health through a varied programme of activities. The programme includes rural craft/land based skills training, a new 'Introduction to Care' training course for volunteers who supported the vaccination scheme, interview and employability skills training and workshops in gaining media based skills. The project will also provide a practitioner to help candidates to learn to cope with mental health issues.

UKCRF - Retrofit Pipeline for Economic Renewal - Retrofit Academy – ends Dec 2022: This CRF funded pilot project aims to support residents and business to capitalise on the growth opportunities emerging from retrofitting private properties to be more energy efficient. This will be achieved through 3 streams of activity; research to understand the economic, social and welfare benefits of retrofitting housing stock; bespoke support aimed at SMEs to enable them to diversify; and Training to upskill tutors at partner FE and HE institutions to ensure SMEs obtain appropriate accreditation (TrustMark) to carry out retrofitting.

UKCRF – Your Future Matters – ends Dec 2022: This CRF funded project is providing a community led approach to Information Advice and Guidance (IAG) to support resident in Tendring into employment into growth sectors. This will be achieved by creating a simplified IAG system that connects education, support services, communities and employers, addressing barriers to employment and raising employment aspirations.

ECC are also already working closely with Colchester Institute and other training providers to assess and plan how they can support residents who live within their most deprived wards to meet the local skills requirements for Freeport East. Their strategy and plans include:

- Expansion of the Energy Skills Centre in Harwich – Phase 2 of this Harwich campus expansion will meet green skills requirements for Freeport East and other projects across the district and County including low carbon hydrogen technologies, fuel cells, carbon capture and distribution.

- Green Energy Skills Centre at the Colchester Campus - This will deliver Further Education and Technical courses supporting training needs for zero emission vehicles, green rapid transport systems, battery storage and other clean energy sources.

In relation to actions that we are already planning that will continue to address these barriers, colleagues in Essex County Council (ECC) have prepared a Levelling Up Fund bid which is focused on developing access to jobs across Tendring and beyond with particular focus on Freeport East and Harwich.

Recognising that a car-based development at Freeport East will result in disadvantaged residents across Tendring potentially being excluded from opportunities, ECC is proposing to develop a multi modal approach that would include:

- Bus improvements including introducing a new demand responsive transport service (DigiGo) across Tendring and upgrades to existing bus infrastructure such as improved accessibility and interchange. DigiGo is a concept already being implemented in Braintree and is particularly helpful in serving areas where public transport is poor, or where demand is still low. As the Freeport site grows it could be that DigiGo has particular use in supporting people into jobs before large passenger flows make regular buses viable.

- Cycling infrastructure in Harwich itself connecting the Freeport site to the local residential areas, station and town centre and supporting the Tendring DC

regeneration LUF bid for Dovercourt.

A similar pilot programme is being developed in Suffolk with a Sustainable Transport Officer employed by Mid Suffolk District Council working on an active travel programme including demand responsive buses (https://www.katchalift.com/) and investigating electric or hydrogen powered buses to serve rural communities, as well as collective travel planning for all businesses on the Gateway 14 Tax site to ensure that residents from rural or deprived communities without access to their own transport will be proactively supported to access roles with businesses on this park.

Additionally, the longer-term economic resilience of the Freeport will need an upgraded strategic road network. ECC has ambitions to link the A133 leading into Clacton with the A120 toward Harwich (currently there is no direct interchange). The A120 itself may need improvements through the planning process for the Freeport and National Highways investment strategy. The A133 is a key economic route into Clacton on Sea and ECC has already made improvements through Local Economic Partnership (LEP) funded schemes. The LUF bid will include further improve safety and reliability of the A133 through a number of safety schemes at specific accident problem areas in line with the LEP strategy. This also supports the short-term economy in Clacton where delays on the A133 can impact seasonal traffic. The reduction of accidents and improved safety reduce journey times in and out of Clacton impacted by delays due to unreliability.

Suffolk County Council is also working on a number highway schemes on routes into and within Ipswich which would provide easier access for residents in the deprived parts of Ipswich to be able to participate in training and employment opportunities. This includes pinch point and arterial route upgrades, additional active travel measures and a local Bus Partnership which will enable joint ticketing and simplified journey planning.

Energy sector

A total of 5,208 jobs are projected in this industry. As stated in the Offshore wind: 'Skills and Labour Requirements of the UK Offshore Wind Industry: 2018 to 2032' (2018) report, when considering the skill levels of the new jobs, around 65% will be either 'management' or 'technical/professional'. In fact: "Employment demand will be strongest for technicians and engineers, with an estimated requirement for 10,200 more of these roles by 2032.

The charts below show the split in job roles and skills levels across offshore wind as reported in the 2022 Offshore Wind Intelligence report:

Figure 12 shows the breakdown of the workforce by job roles.

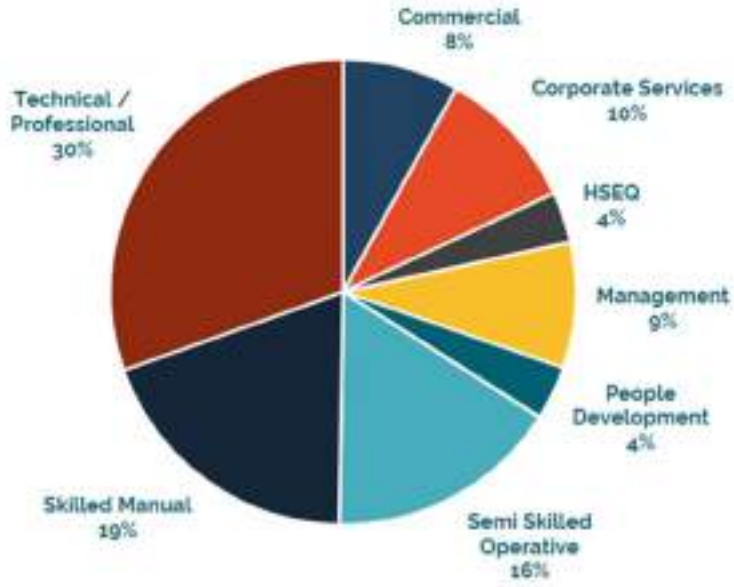


Figure 16 - Breakdown of UK Offshore Wind workforce by Job Role grouping

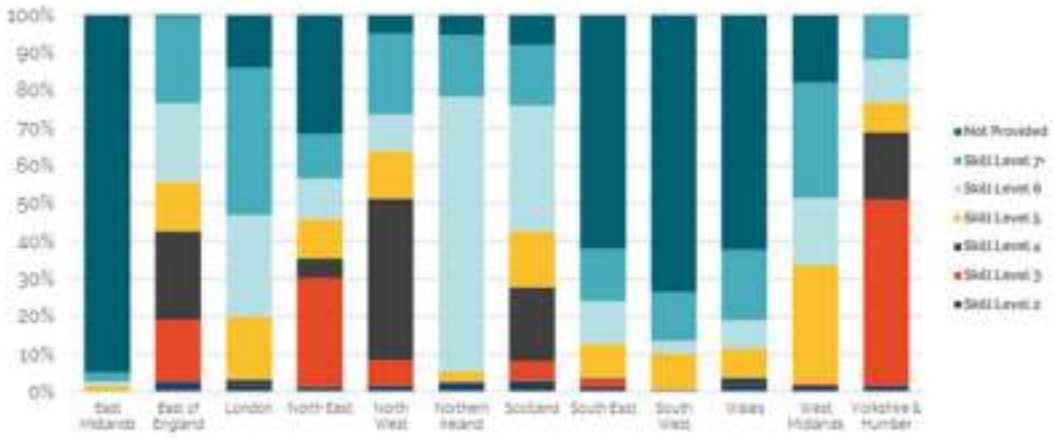


Figure 20 - Breakdown of Skills Levels by region

Agri-Tech

A total of 1,978 jobs are projected and based on the 2011 Census data for this sector across New Anglia, we would estimate that between 5-10% of these roles will be Manager and Director level, with approximately 20% skilled trades, 25% Process Operatives and 25% working in transport.

Added Value Logistics

A total of 2,838 jobs are projected and it is expected that these will be split as follows: 10% Managers and Directors, 45% Drivers, 20% warehouse operatives, with the remaining 25% in supporting roles.

Professional Services

A total of 1,340 jobs are projected which are expected to be divided between professional/technical staff (40%), Managers & Directors (10%) and administrative occupations (50%).

Green Jobs

The Government's Green Jobs Taskforce classified Green Jobs as "employment in an activity that directly contributes to – or indirectly supports - the achievement of the UK's net zero emissions target and other environmental goals, such as nature restoration and mitigation against climate risks."

Using this definition, we have projected that all jobs created in the energy sector across Freeport East will automatically meet these criteria.

In respect of the remaining 3 sectors that are being prioritised across the three Tax Sites, we expect that whilst the sector might not directly fit within the categories identified in the Green Jobs Taskforce report, all businesses on our Tax Sites will be located in either BREEAM Excellent or BREEAM Very Good buildings, some with an ambition to be Carbon Neutral or Net Zero.

We are working on sustainable transport options for staff who are working on our sites to reduce private car usage. EV parking and cycle parking bays will be provided on all sites. All buildings will be solar ready and an onsite energy network is being created at Gateway 14 with pilot hydrogen schemes being developed at Bathside Bay and Felixstowe to reduce reliance on carbon.

Combined, all these actions will help to ensure that all jobs created on the Freeport East Tax Sites can be classed as Green Jobs as they will be created on sites and within buildings that are helping to achieve the UK's net zero emissions target

Freeport East activities

The Freeport East zone and immediate hinterland has significant strengths in the variety and diversity of employment opportunities that already exist. We have an innovative workforce with low levels of unemployment - just 3% of the available workforce in the region.

However, Covid has significantly impacted our local economy with significant increases in Universal Credit (UC) claimants during the pandemic - Babergh and Mid Suffolk both saw over 100% increases in UC during the last year, the highest increases that were seen across Suffolk. In Braintree, Colchester and Tendring, the percentage increase in UC claimants has been 92%, 96% and 67% respectively.

This change in economic circumstances brings with it opportunities to change career path and explore new industries.

Freeport East will help to deliver these opportunities, not just for those who are currently unemployed and seeking new opportunities, but for those who are "underemployed" and have potential to change careers, increase hours and come off benefits - helping to reduce the benefit burden whilst improving productivity and efficiency of businesses across Freeport East.

The Innovation & Skills centre at Gateway 14 will support adults who are interested in retraining, CPD, upskilling and short courses and transferrable skills programmes and expected investment in the Harwich Skills Centre as part of the Green Energy Hub will

provide learners from North Essex an opportunity to explore emerging careers close to home.

These 2 centres will be part of a wider network of skills and employment support as it is recognised that the "travel to learn" area is much smaller than the "travel to work" zones, so we need to ensure appropriate provision is located close to centres of population and areas of higher demand.

The launch of the Government's Hydrogen Strategy comes at the perfect time for Freeport East with significant progress already being made on our hydrogen proposals, however, it creates a skills challenge for us. As this is such a new industry, there is still limited information available around career paths within the hydrogen sector and a lack of awareness amongst young people around opportunities inf this sector.

In order to address this challenge, we propose to work with leading hydrogen experts, including Cranfield University to gain a more detailed understanding of the range of career opportunities within the sector and the skills/qualifications and experience necessary in order to gain employment in the industry. This work will cover the whole education spectrum with school engagement to increase aspiration and understanding of the industry, FE and HE opportunities to reshape the courses on offer and create a pipeline of newly qualified staff and retraining and adult education for those either in work, underemployed or unemployed.

Construction contributes 11% of GVA (2018) to the Freeport East local area (only Wholesale & Retail is higher at 12%). This is notably higher than its contribution nationally, with Construction taking up 8% of UK (excl. London) GVA. A main cause for this is the high density of construction employment in the Freeport East local area in 2020 – 23% higher than across the UK as a whole (excl. London). Only Arts, Entertainment & Rec has a higher density of employment (39% above the UK). Construction also has a significant contribution to wages, as in 2020 construction had the 3rd highest average wage of all industries (excl. London).

The Freeport East area is characterised by a diverse and varied economy, with no one sector or collection of companies/industries disproportionately dominating activity and skills demand.

Key underpinning sectoral drivers of our economy include: Energy, Life sciences and biotech, ICT and Creative, Financial Services and Insurance, Transport and Logistics, Construction, Advanced manufacturing and engineering, and agri-food. We also have ambitious plans to further develop our well-established visitor economy – all underpinned by the golden thread in our local industrial strategy:

"*A globally recognized, technology driven, creative and inclusive economy which is leading the transition to a post-carbon economy through sustainable food production and sustainable energy generation.*"

The Freeport East area is predominantly rural, interspersed with many smaller market towns, several larger towns, many of which function as economic hubs, and a collection of coastal towns, with the major urban population centres being Suffolk's county town of Ipswich (population c. 135,000) and Colchester in Essex (population c.120,000).

According to estimates from Metro Dynamics based on ONS Annual Population Survey (2018) and Census (2011) data, areas in Suffolk where a relatively high proportion of residents have NVQ Level 4 and above (over 40%) are found in parts of central Ipswich, as well as less-densely populated areas on north east of the town. In terms of skills and

employment in Tendring, according to ONS data, the district performs poorly with skills levels that are below Essex, regional and national average. Only 31.6% of Tendring residents are qualified to NVQ Level 4 and above, compared to 39.3% in the East of England and 43.1% nationally. The Tendring figures for levels 2 and 3 are approximately ten percentile points below the regional (East of England) and national average.

High performing areas tend to be rural. Large swathes of Suffolk have over one third of the working age residents with high skills.

1d. Freeport levers

To a large degree the geography of the freeport interventions is set by three factors. The first is the communication links between the two ports and its hinterland. This is largely dictated by A14, A12 and rail freight links the ports enjoy. Very much linked to this is the regional market that the ports serve. Our analysis of the latter is that the port is a key part of the supply chain link with major employers and producers in the Midlands Engine and the Northern Powerhouse. So any improvements FE makes will better serve the regional users of the port.

Secondly Felixstowe in particular is one of the largest international ports in the country in terms of freight handling and represents a key asset serving the Far East market. As trade with the far east continues to increase with a readjustment from European markets, Freeport East will be a crucial asset in assisting this. It is hope that there will be an element of onshoring of industrial activity to reflect changing market conditions.

The third geography is around the impact the interventions will have on employment market in the local vicinity. Freeport East represents one of the biggest step change initiatives south Suffolk and north Essex will experience in the next decade. Low pay, underemployment and the temporary contract nature of many jobs in the local area has depressed job prospects for many years. Because of the proximity of the Freeport to areas of local deprivation FE will boost employment prospects and self-employment. The two dominant Travel to Work areas for the Freeport are Clacton and Ipswich. This reflects to a degree existing commuting patterns in the area, but the labour market for the Harwich Tax Site is likely to increasingly overlap with Colchester Travel to Work Area. Their hinterland marries well with the Freeport zone we have established.

Finally of course the levers of intervention are closely tied with the future use of Pots B and C of the local retained business rates. The three rating authorities of Tendring, Mid Suffolk and East Suffolk Councils will have a control and influence over the geographical spend on new interventions guided by the Freeport Board.

1d.1 Freeport Seed Capital

The Freeport Seed Capital funding will be spent directly within the three Tax Sites that comprise Freeport East to accelerate development over a three-year period, increasing the amount of time Freeport interventions can be accessed by incoming investors and to increase the amount of retained rates to unlock wider investment and provide funding to achieve wider freeport objectives.

Our multi-site development is aimed at attracting new industry to the local area to create significant numbers of new, high-skill jobs. It is transformational in nature, targeting new industry sectors (offshore wind, both fixed and floating, hydrogen production as well as encouraging and facilitating investment in established sectors including innovation,

manufacturing, decarbonisation, advanced logistics and industrial uses) which do not yet have a presence in the UK, nor necessarily an established business model, in order to support the delivery of the Levelling Up Agenda alongside the Government's 10-Point Plan for a Green Industrial Revolution, Hydrogen and Net Zero Strategies and the British Energy Security Strategy.

Specifically, the seed capital will be used to fund:

At Felixstowe:

- A new high-voltage site-wide power cable providing additional electrical capacity which will support (i) port expansion – including sufficient capacity to support the construction and operation of a hydrogen electrolyser; (ii) the attraction of new value-add logistics (e.g., refrigeration) which have higher electricity usage requirements; and (iii) longer term port decarbonisation;

- Resolution, agreement and implementation of improved management of flood risk to unlock development land; and,

- Remediation of contaminated land (through previous use as a liquid bulk storage facility) to enable further implementation of consented development.

At Harwich:

- The installation of, and groundworks for, a new high-voltage power cable capable of supporting the planned usage of Bathside Bay as a Green Energy Hub;

- The construction of new green access networks (to include new walking and cycling paths) to enable improved access to the port from the local area and a reduction in car usage for local traffic;

- Environmental mitigations required as part of implementing the planning consents which must be in place prior to the port's operation.

At Gateway 14:

- The Seed Capital will be used to support fast-track delivery of the Innovation and Skills centre which was originally planned to be one of the last parts of the development to be completed as it will be built speculatively and will be a higher risk than the traditional design and build units in the remainder of the site.

- The funding will ensure that this centre is delivered earlier in the programme, allowing tenants of the site to access the Freeport benefits prior to the cut-off point in 2026 as well as accelerating the generation of business rates and job creation in this high value cluster.

- This centre is projected to support over 500 new jobs in professional services as well as being an integral part of our Freeport East Skills Strategy as it will be a hub for training and development for industry specific skills needed by businesses across the Freeport.

1d.2 Tax sites

The 3 tax sites and their vision and contribution towards regeneration are as follows:

- Harwich Tax Site – The Green Energy Hub – will develop a cluster of organisations that are driving forward the future of clean energy generation, focusing on hydrogen and offshore wind. This will be enhanced with innovation and skills initiatives that will support the local workforce to access these new roles and opportunities. The increase in employment land and high value jobs will aid justification for increased transport and housing developments and lead to a supporting service industry that will aid the wider regeneration of the local area.
- Felixstowe Tax Site - High value logistics, manufacturing, processing, and engineering hub to maximise the benefits being immediately adjacent to Felixstowe Port, the UK's gateway to Europe, Asia and the rest of the world. The investment into Felixstowe and its drive towards trialling innovative usages of hydrogen and new IOT technology will drive investment into Felixstowe and the wider area to support investment into housing, transport and skills facilities.
- Gateway 14 Tax Site - The focus will be on innovative clients that align to the Net Zero/Highly Sustainable vision for the site. High value logistics, manufacturing, R&D and professional services are the primary sectoral focus for the site. This will be enhanced with innovation and skills initiatives that will support the local workforce to access these new roles and opportunities. The increase in employment land and high value jobs will aid justification for increased transport and housing developments and lead to a supporting service industry that will aid the wider regeneration of the local area.

Businesses located in designated tax sites will be required to sign up to site specific agreements that ensure obligations are met regarding the upcoming Freeport Monitoring and Evaluation guidance. In addition, this document will make all commercial occupiers aware (existing and new) the need, in receiving Freeport benefits, to engage with the Freeport Delivery team in:

- Exploring supporting projects to enhance clean growth, trade, investment, skills, innovation and collaboration with the wider economy
- Providing data on jobs growth, investment, carbon emissions, skills projects, R&D spend, new products and services, on a frequency defined by the Monitoring and Evaluation guidance.
- Fulfilling any requirements for the differing intervention schemes to ensure compliance with subsidy control obligations in advance of, during, and after claiming relief.

Each tax site will have to comply with the economic monitoring requirements for the freeport and will have to support the wider Freeport Objectives. Members from each of the three Tax Site are represented in the relevant sub-groups, Management and Supervisory groups of Freeport East and will commit that use of retained rates for spend will be approved via the management board and agreed with the relevant Local Authorities as appropriate.

Businesses that enter the tax sites will also be required to be notified that in return for the levers and interventions Freeport East will provide, their obligation is to engage with the FREN co-ordinator, reporting on their economic performance and explore opportunities to enhance their skills, innovation, clean growth and inclusive growth aspirations.

1d.3 Retained business rates

Retained rates will be collected by their applicable rating authority. A proportion of those costs will be used to contribute to the overhead costs of Freeport East Limited, with the remainder split into 3 pots to support the delivery of Freeport East. The three pots being A, B and C.

The outline investment strategy for each pot is as follows:

- **Pot A** – To support vital services in the local area that businesses entering tax sites benefit from and access, spent by the relevant local authority as part of their normal return.

- **Pot B** – A mechanism will be instigated by Freeport East that would help gap fund the development of the individual tax sites themselves and/or their immediate environment to accelerate their development and support local initiatives that will provide wider benefit to the site and the businesses within it. If Freeport East follows best practice from the Enterprise Zones, site development plans would be formalised to agree funding awards and review on a recurring basis to check progress and need of funding.

- **Pot C** would be a wider pooled pot that will fund projects and programmes including economic development, skills and innovation in the sub region. This would be administered by the Lead Authority (ESC), and decisions on its use would be determined by the Freeport East Supervisory Board. Although projects will be delivered across the economic area some consideration may be needed for the intensity of the intervention in each billing authority in relation to the contribution provided into the overall pot.

The initial themes for proposing interventions would align to the working groups set out in the Full Business Case:

- Inward Investment and Trade
- Skills
- Innovation
- Infrastructure and Net Zero
- Security

The Geographical focus for each pot is as follows:

- Pot A1 – Billing authority, Tendring, East Suffolk and Mid Suffolk billing authorities
- Pot A2 – Essex and Suffolk County Councils
- Pot B – Focused on the tax site in question and in benefiting the site directly and local initiatives that will provide wider benefit to the site and the businesses within it.
- Pot C – Focused on the Freeport Economic Area, supporting interventions that aim to support projects and programmes including inward investment, skills, innovation, trade, levelling up and regeneration

Expected benefits

In assessing the value and suitability of the projects to be approved for funding from Pot C, Freeport East will conduct a cost benefit analysis against the measurable targets in the Monitoring and Evaluation criteria following best practice in program management. As such the likely outputs to be considered could include:

- Business Growth
- Job Creation

- Apprentices
- Investment enquiries
- Development land allocated
- Land change use
- Planning applications
- Commercial floorspace developed
- Private Sector investment
- Trade volumes
- Foreign investment
- Skills outcomes
- Collaboration projects
- Net Zero indicators

1d.4 Custom Sites

Seven customs sites are proposed, at:

- Felixstowe (**primary customs site** and also a tax site);
- Parker Avenue, in close proximity to the Port of Felixstowe
- Clickett Hill Road, in close proximity to the Port of Felixstowe
- Harwich (also a tax site)
- Gateway 14 (also a tax site), Stowmarket
- Port One, Great Blakenham
- Horsley Cross, Tendring.

The Felixstowe Tax Site, Parker Avenue and Clickett Hill Road are all located within the wider Port of Felixstowe area. Harwich (Bathside Bay) Tax Site is connected directly to Harwich International Port by the A120 and rail links. These sites are anticipated to handle goods and to host industries closely linked to the ports.

The other three sites - Port One Great Blakenham, Horsley Cross and Gateway 14 (also a tax site) - are located immediately adjacent to major connecting roads (the A14 at Port One and Gateway 14 and the A120 at Horsley Cross) and existing freight corridors, which provide direct access to the ports as well as the other customs sites. Port One, Great Blakenham is already home to a consented and partially constructed logistics park along the A14, with an international cold chain operator expressing significant interest in the site for its operations.

Similarly, Parker Avenue is operated by PD Ports - a major UK shipping and logistics company - which hopes to expand its existing fulfilment and product-finishing activities in the wider Port of Felixstowe area.

Similarly, the Clickett Hill Road site includes the Uniserve new “mega warehouse” providing 750,000 square feet of modern ambient and freezer logistics. The pairing of new logistics operations in the immediate vicinity of a major global port with tariff inversion benefits has the potential to significantly increase throughput and trade with existing global partners.

In the case of the Felixstowe Tax Site, Harwich Tax Site and Gateway 14, the customs benefits available will be paired with the benefits of tax site designation, providing an added incentive for the location of new and emerging industries. An additional benefit of the sites will be 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 and potential to onshore economic activity and safeguard existing jobs.

The location of developed, highly accessible and sufficiently large customs sites within the vicinity of the Felixstowe and Harwich ports will contribute to the facilitation of trade between the rest of the world 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. The growth in jobs and investment will support the justification of regeneration linked investments into transport and utilities and will support the demand for further investment and growth in the region to respond to the increased economic activity surrounding the custom sites.

The customs zones are anticipated to attract business from around the world looking to serve the UK, Europe and rest of the World 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 emerging markets.

1d.5 Planning

The Local Planning Authorities (LPAs) of East Suffolk, Mid Suffolk and Tendring commit to the creation of a collaboration network to ensure the provision of complementary and consistent advice to landowners as they progress development at the designated tax and customs sites.

The LPAs will also work together to explore the potential to prepare fast-track processes and will work together to liaise with Government and other agencies/statutory consultees to expedite whatever other consents/responses/licenses may be required to ensure delivery is not delayed. The focus will, by necessity, be on the tax sites where simplified planning can provide the greatest additionality and the development impacts can be mitigated and managed 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 enabling an accelerated approach to the granting of permissions to further ensure investor and developer security and to progress development. This will build upon existing, long-standing relationships between landowners including Hutchison Ports UK and the LPAs, 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 LPAs, along with the implementation of Planning Performance Agreements (PPAs). Through the collaboration network, agreements for timing of submission and determination along with early engagement and commitment from key statutory consultees will be made to ensure consistency in the pre-application process and a fast-tracked approach.

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 port boundaries.

1d.6 Innovation

The operational model recommended is for the Innovation Hub is a Serviced Operator Management model, similar to Epicentre, or Orbis models.

The Green Energy Hub is not a physical building, it covers the green energy ambitions of Felixstowe and Harwich to deliver innovative new port facilities to support offshore wind manufacturing, assembly and installation, and a 1GW green hydrogen production and refuelling facilities. The latter will drive a major upgrade in innovative solutions for transport decarbonization across marine, rail, surface road vehicles (principally HGVs), and port vehicles e.g. container cranes, forklifts etc.

The Innovation Hub is designed to be a physical hub delivering an iconic building on the proposed Innovation Park, acting as a hybrid facility to drive innovation, business incubation, and act as a soft-landing pad for inward investors.

Type of support Freeport East would aim to provide to business in the Freeport to innovate would be: (subject to program funding approval via the supervisory board)

- Innovation in energy efficiency/net zero measures to address fuel poverty and support cost of living interventions – e.g. roll out LEAR modelling across Freeport East to review areas most likely to support higher levels of solar etc..
- Innovation to be developed in grid capacity but also integration between major energy infrastructure and then cascaded to innovation in local communities heat and power – how can macro energy support local communities to “level up”
- Innovation to develop “local” use of hydrogen as fuel substitute for business vehicles and premises rather than just port related
- Innovative delivery of skills and employability programmes – whilst the outcomes around skills are obviously in the skills plans there may be opportunities to see how they could be delivered through innovative practices
- Supply chain and logistics innovation hub at Felixstowe – gamechanger project for the UK’s largest container port. Can link in with agri-food, construction, manufacturing, clean energy supply chains.
- Increase the number of UKRI projects in the Freeport area, such as working with the Catapult network to deliver structured programmes in the region such as Fit4 (NAMRC) and Launch Academy (ORE Catapult).
- Increase the number of KTPs across the Freeport geography, building the expertise of University of Suffolk and University of Essex.
- Collaborating with the VC community, including Angels@Essex and Anglia Capital, to support scale-ups.
- Demonstrator projects, linking in the research expertise across the Freeport geography, to include transition to Net Zero, hydrogen, marine science, etc.

Innovation support for businesses

- Businesses located within the Freeport geography will be automatically connected to the innovation ecosystem within Suffolk and Essex and will benefit from the existing innovation support provision.
- The University of Essex has significant expertise in delivering innovation support, working with SMEs to diagnose their innovation need then specifying projects to improve productivity or create new products or services. Normally with SMEs they work with them to attract grant funding, such as knowledge transfer partnerships (KTPs). The university is ranked number one in the UK for KTPs developing innovative solutions to real world business problems and can demonstrate many examples / case studies of these types of

collaboration that demonstrate their offer.

- The University of Suffolk has made significant investment in its business development and knowledge exchange activities, enhancing its support offering for the region and collaborating with SMEs to drive innovation and growth. Specifically, the University offers businesses access to their 3D productivity suite and technical expertise for rapid prototyping; a suite of programmes to support academic and third-party collaborations, leading to KTP projects; executive education and bespoke CPD; and opportunities for collaboration with the Suffolk Sustainability Institute around applied research. A lot of this support is part-financed through innovation vouchers and grants available through the University. In addition, the University of Suffolk has partnered with Innovation Labs and is providing incubation and innovation support for businesses covering multiple sectors.
- Freeport businesses will be linked in with existing projects designed to enhance the innovation ecosystem and attract innovation funding. For example, these include:
    - The Innovation Grant Mentoring Project which supports businesses with bid writing and pitching to win innovation funding.
    - Scale Up New Anglia which is a highly performing fully funded programme of support for business owners and leaders in the process of scaling up.
    - Access to the Norfolk & Suffolk Innovation Network, enabling businesses to access gateways to innovate through the largest free-to-use public sector long range wide area network deployment in the UK delivering dual county connectivity to support large amounts of IoT sensors.
    - The Connected Innovation Programme, which currently links together 23 innovation hubs and centres, universities, and research institutes across Norfolk and Suffolk to drive collaboration and cross-sector innovation. The Freeport East Innovation Manager would be invited to join this network.
        - Key partners such as Innovation Labs are providing a lot of support to get businesses investment ready, connecting them to the right investor organisations, and securing business investment between £500k-£1m over the last few years.
- The Freeport will ensure businesses are connected to national opportunities levering in the support of Innovate UK. This will ensure that all Freeport East businesses have sight of and access to all relevant Innovate UK programmes, including the business support opportunities on offer locally through our strong existing relationship with Innovate UK EDGE and nationally through the Catapult Network, which presents various opportunities for regional programmes (building on existing activity with ORE Catapult, Nuclear AMRC) and Freeport-specific projects working with the likes of the Connected Places Catapult and Satellite Applications Catapult.
- The FREN Coordinator will act as the key business engagement lead to signpost to the Innovate UK opportunities. Additionally, they will be responsible for gaining an understanding of the key requirements of Freeport East businesses. This will enable more specific innovation support from key partners such as our universities and innovation centres around specific technology areas.
- Partners will seek to use funding opportunities, such as those outlined in the Innovation Strategy, and recent announcements around the UK Shared Prosperity Fund and Rural England Prosperity Fund to provide start-up business support and grow on business support.
- Some of the specific innovation support businesses (port-specific and wider Freeport geography) will have access to include:
    - Support around enabling technologies to enhance the clean energy cluster's supply chain in the region.
    - The Supply & Logistics Innovation Centre (SLIC), which is a fresh new business Innovation centre currently in development dedicated to improving supply chain and logistics efficiency. This will be based at Uniserve Group's Felixstowe Mega Distribution Centre (FMDC).
    - Energy efficiency / transition to net zero measures.
    - Demonstrator projects building on the research expertise across the Freeport

geography such as hydrogen, 5G and digitisation, marine science, etc.
    - Detailed innovation support will be provided at the key centres of innovation identified as part of the Freeport East geography, including the Harwich Innovation Hub and the Innovation & Skills Centre at Gateway 14.

Supporting SME collaboration with the Venture Capital (VC) community

- We have found the that to enhance SME collaboration with the VC community, we have significant experience here and will ensure the following actions are actioned:
    - Raising awareness of the opportunities linked to Freeport East businesses and the key sectors for our economy.
    - Targeted business engagement where there are clear investable opportunities
    - Ensuring SMEs have a detailed understanding of angel investors within our region that can support them, and sectoral-relevant investor networks where relevant.
    - Enhance existing accelerator and investment readiness programmes to support SMEs to become investment ready and attract private investment. We may look to develop new investment readiness programmes targeted towards specific sectors or opportunities.
- The Innovation Manager and FREN Coordinator will be instrumental in delivering the above, working closely with the Innovation Sub Group to build on previous and existing programmes in the region.
- The Innovation Sub Group will work closely with:
    - University of Essex' Angels@Essex investment platform which has closed c.£20m of investment in innovative start-ups in less than 24 months.
    - Anglia Capital Group (ACG), which focuses on Norfolk and Suffolk with its co-investment fund 'New Anglia Capital' which helps early stage and high growth businesses pitch to experienced angel investors and provides match funding for successful projects. This is backed by £4m from New Anglia LEP, in partnership with ACG.
    - Innovate UK EDGE East of England team which has opened up doors to the VC community and investor networks, whilst also providing support on investment readiness.

Inclusion of innovation skills in the skills and employability program

- Current opportunities include:
    - ESF funded skills development initiatives such as In Career Education and Training (ICET) which provides 50% funding for short courses in Leadership & Management and Digital skills and the Pathways Training Fund which provides funding for short courses being delivered by the universities and colleges in the region.
- We will continue to build on existing engagement across all forms of education from schools using the New Anglia Careers Hub to our universities' business schools to enhance entrepreneurial and innovation skills, such as through the University of Suffolk's collaboration with BT to provide cutting-edge digital skills for people looking to pursue careers in ICT at the £9.6m DigiTech Centre on Adastral Park.
- Innovation Labs runs an Innovation Academy Programme which looks at traditional entrepreneurship skills, but also fuses this with other overlooked aspects such as cutting edge tech inspiration sessions, agile prototyping, project management guidance, and guidance on key technologies.
- Innovate UK EDGE can support businesses with the business model canvas, innovation management capacity, intellectual property in conjunction with the IPO, coaching for high growth, and pitching for and winning funding and investment.

1e. Constraints

Skills is a key area for the freeport and has several key barriers to enabling people to access the opportunities being created, the New Anglia skills advisory panel have identified 4 main themes for interventions to tackle these barriers:

- Equipping young people for success
    - Linking education and employment
- Providing Agile and responsive training provision for key sectors
- Driving skills progression for the workforce
- Tackling barriers to employment

Transport and built environment: several interventions relating to both priorities have been identified in the above sections, in addition reviewing existing activity:

Transport East is the Sub-national Transport Body (STB) for the east of England, a partnership of local authorities, Local Enterprise Partnerships, business groups, Network Rail and Highways England. It will be supporting local authorities at a strategic level to progress and accelerate a range of schemes that are designed to reduce congestion and improve air quality, producing positive environmental, health and economic impacts not only within those urban areas but also on the wider transport network, ensuring the collective strategic case for their delivery is clearly communicated and supported including:

- The roll out and expansion of local authorities' walking and cycling programmes, including infrastructure and behaviour change. Over the coming months, Transport East will support proposals seeking funding from the government's Transforming Cities Fund, Walking and Cycling Fund, and other sources.
- Support for local authority bus and passenger transport operations throughout the region, from bus priority infrastructure to supporting immediate operational challenges aligned to COVID-19. The Transport East partnership will help authorities tackle the immediate and long-term strategic issues on a regional scale
- The expansion of infrastructure to support the growth of Electric Vehicles including support local authority programmes to deliver charging points in key locations across the region.

Specific projects linked to Freeport East being developed are:

- Connecting the Heart of East Anglia: London – Chelmsford – Colchester – Ipswich – Norwich & Suffolk Coast
- Cross-country connectivity: Norfolk and Suffolk to Cambridge – Midlands – South-West
- South Essex corridor: Connecting South Essex – London – Thurrock – Basildon – Southend
- East-West growth corridor: Stansted – Braintree – Colchester – Harwich and Clacton

Suffolk Chamber of Commerce also has its Transport & Infrastructure Group, bringing together transport and business professionals from across Suffolk alongside local authorities

to discuss key issues relating to road, rail, ports and aviation, as well as utilities. The group forms part of the policy and lobbying work of the Chamber and outcomes of discussions often help feed into the engagement work with wider bodies such as DfT, Highways England, Network Rail and other key stakeholders including the British Chambers of Commerce.

Reliance on major transport projects and risks

This FBC includes several major transport projects which support delivery of its intended impacts. Some of these have been delivered, such as substantial investment in improvements on the A14; some have been partially delivered such as the upgrade to the Felixstowe-Ipswich branch line; some are included in future transport strategies, such as improvements to the A12; and some very important schemes appear under threat, such as the improvements to the Felixstowe to the North rail line at Haughley and Ely. All of these projects are vital in adding value to the Freeport East proposition in acting as a gateway and springboard to Europe, Asia and the rest of the world, supporting the expected volumes of freight movements, as well as unlocking sites for higher intensity employment and new housing developments.

However, there are some transport projects that are priorities for our region and although the Freeport is not reliant upon these to deliver its intended impacts, delivery of these schemes would bring additional benefits to the Freeport. For example, rail has great potential to decarbonise freight transport and there are two significantly important schemes which would benefit the Freeport - Haughley Junction and the Ely Area Capacity Enhancement programme – both of which improve connectivity and reliability for passenger services and help freight move to and from Felixstowe port.

The newly announced East West Rail will also substantially increase the capacity for freight and passenger movements, increasing the pool of local people able to work within Freeport East and improve the commercial offer that will attract investment.

The Highways England A12 Chelmsford to A120 widening scheme is also significantly important – improving the traffic flow as the Freeport site develops and bolstering the port's unparalleled connection to London and the South East.

Specifically, it is anticipated that the increase in employment land and high value jobs at Harwich and Gateway 14 will aid justification for increased transport and housing developments and lead to a supporting service industry that will aid the wider regeneration of the local area; and investment into Felixstowe and its drive towards trialling innovative usages of hydrogen and new IOT technology will drive investment into Felixstowe town and its surroundings.

Freeport East enhances the business case for these major transport schemes, through its potential to deliver economic growth, business and job creation and providing the commercial rationale for increased transport, housing, and skills facilities. In turn, each of these major transport schemes enhances what Freeport East can deliver. Failure by Government to deliver any of them will compromise the Freeport's ability to deliver the best range of possible outcomes.

Other Government Initiatives

Freeport East will seek to support and form strategic links with the following projects and opportunities provided by aligned governmental funding:

- Towns Fund

    - Ipswich awarded £25m and the proposal is intending to kick-start a new wave of regeneration, provide opportunities to enhance skills and health provision, enliven key areas, and help to make central Ipswich a more attractive destination for local people, together with those in Suffolk and from beyond the county boundary
    - Colchester awarded £19.2m. 14 projects have been identified and developed by a range of local delivery partners across the public, private and voluntary sectors. The scope of these projects includes nurturing the future potential of the town through enhanced digital skills infrastructure and investment in 21st century youth facilities; significant public realm improvements that preserve and showcase the unique heritage of the town as well as create new accessible neighbourhoods and essential social hubs; the community-led regeneration of the centre of a key housing estate located in one of the most deprived wards in Essex; enabling 5G digital connectivity as well as physical connectivity between the town centre and University through the creation of a modern walking and cycling corridor. All projects are expected to be delivered by 2025/26.
- Levelling Up Fund
    - Levelling Up Fund will invest in infrastructure that improves everyday life across the UK. The £4.8 billion fund will support town centre and high street regeneration, local transport projects, and cultural and heritage assets. Places have been placed into category 1, 2, or 3, with category 1 representing places with the highest levels of identified need, the areas included in the Freeport Outer Boundary and their ranking are:
        - Tendring Tier 1 Tendring District Council has plans to submit a levelling up bid by Summer 2022 to support town centre regeneration in Clacton, and to develop Harwich and Dovercourt to complement the development of Freeport East, including the potential for better sustainable transport links to the Harwich Tax site.
        - East Suffolk Tier 3
        - Mid Suffolk Tier 2
        - West Suffolk Tier 3
        - Colchester Tier 2
        - Ipswich Tier 2
        - Babergh Tier 3 – Babergh District Council has plans to resubmit an application for redevelopment of Sudbury town centre to include relocating the bus station
- Community Renewal Fund
    - 100 locations were identified based on an index of economic resilience across England, within the Freeport Operational Area Tendring was identified and projects will emerge that enhance the following investment priorities:
        - Investment in skills
        - Investment for local business
        - Investment in communities and place
        - Supporting people into employment
- Shared prosperity Fund
    - Government will provide district council partners in Freeport East with an allocation for the Share Prosperity Fund. Councils will develop prospectuses by the Summer of 2022, which has the potential to link with the levelling up ambitions for Freeport East.
- The British Energy Security Strategy and related projects.
- County Deals/devolution/LEP Review

Local Strategies

- Tendring District Council has published the “Dovercourt Revisited” town centre masterplan

- The North Essex authorities have published an economic strategy committing to "invest in the infrastructure to support distinctive, adaptable and creative places, exploring opportunities to better embed 'anchor institutions', especially within our coastal towns"
- The South East Local Enterprise Partnership has published an economic prospectus for the South East Coast, recognising Harwich as a key employment area for supporting business growth
- Transport East's three priorities include "Global Gateways" and "Energised Coastal Areas"
- Babergh and Mid Suffolk District Councils have published a Recovery Plan setting out how they intend to support their economy post Covid and which recognises the importance of the Freeport designation in providing opportunities for residents and businesses in Mid Suffolk
- NALEP Renewal Plan
- SELEP Economic Recovery and Renewal Strategy
- Essex County Council is currently developing a new Sector Development Strategy for Essex in consultation with partners. The Strategy is building upon current evidence, consultations with partners, a plan is due to be published by the end of September 2021 setting out how to boost the economy of Essex in the post pandemic period focusing on a time period of up to the next 15 years.
    - The sectors were chosen because of the current strength within Essex and future opportunities for growth and their fit with known Government priorities. Five key sectors have been identified where intervention will be focussed to ensure maximum benefit:
        - Green Construction (including Retrofit)
        - Advanced Manufacturing and Engineering
        - Clean/Green Energy
        - Life Sciences (including MedTech and CareTech)
        - DigiTech (including FinTech, InsureTech, AgriTech and MarineTech)

1f. Outputs and outcomes

There is substantial investment in both road and rail in the immediate vicinity of Freeport East, both on the A14 and A12 that will prove vital in adding value to the Freeport East proposition in acting as a gateway to Europe, Asia and the rest of the world for the rest of the country, supporting the expected volumes of HGV movements as well as unlocking sites for higher intensity employment and new housing developments.

Rail investments within Greater Anglia, Ely and the East-West upgrade will substantially increase the capacity for freight and passenger movements, increasing the pool of local people able to work within Freeport East and improve the commercial offer that will attract investment.

There are 40,000 homes in the pipeline for Suffolk and Essex and an existing stock of 569,000 in the economic area of Freeport East, with an average of 5,224 added per annum between 2017-2020. The increase in employment land will support unlocking housing sites though increased demand and an uplift of land values. Wider regeneration and skills initiatives will aid levelling up aspirations and will help to justify further private sector investment that will accelerate the growth of the local area.

Contributing to 20% of the UK's green hydrogen needs as well as investing into net zero exemplar facilities Freeport East will significantly contribute to the UK's ambition towards net zero. Clients for the Freeport tax sites will be prioritised based on their alignment to achieving net zero (e.g. offshore wind and clean energy) and all clients will be engaged to

explore programmes that will seek to reduce their emissions and resource usage. Case studies demonstrating best practice regarding net zero as well as innovative use of hydrogen will be promoted, and Freeport East will seek to support the wider adoption of these best practices to impact local carbon emissions.

Over 10,000 jobs will be created directly within the tax sites, including the custom sites there is an expected 13,500+ direct jobs in total. This influx of high value jobs will create the demand for additional service-based industries within the local area as well as supply chain opportunities that would attract foreign direct investment and further high value job growth.

This additional demand as well as the proposed interventions in the skills landscape will open routes for local people to upskill and reskill into the opportunities Freeport East would present, a wide range of existing further and higher education partners already offer programmes that complement the skills demand Freeport East is projecting and the interventions that will be developed will aim at ensuring there is a clear route to employment for local learners and those in the employment pool.

The key aims & objectives of Freeport East are:

- To create, strengthen and extend the UK's primary hub for global trade and investment.
- Identify and attract new sources of international investment
- Develop new sectors, products and value chains associated with value added food processing and logistics, modern methods of construction, agri-tech, engineering and renewable energy businesses,
- Support ambitious investment in relevant technical and vocational skills and sustainable transport infrastructure, to boost competitiveness and opportunities available locally
- Secure tangible positive impact for deprived communities and marginalised groups by bringing thousands of new jobs into deprived communities and providing training to enable people living locally to take up well paid employment.
- To improve the environment, amenities and public services within areas of deprivation
- Build-in economic resilience for all communities and support rapid post Covid-19 recovery with more jobs, more highly skilled workers and higher household incomes
- Improve health and wellbeing outcomes and child poverty rates

The full development of tax sites associated with the freeport as well as increased trade at the Felixstowe and Harwich could deliver more than 10,000+ jobs over a 10-year period. These jobs will disproportionately benefit the local population of the Freeport East sub-region, with a significant proportion providing 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 incentivised increase in tradeable goods imports and exports
- Potential for £66.4 million of additional GVA over 25 years as a result of enhanced international trade
- Up to around 10,000+ additional jobs as a result of increased international trade and full activation of the freeport's designated tax sites, over a 10-year period.

Up to an additional 1.3 million tonnes of international trade volumes as a result of incentivised increase in tradeable goods imports and exports

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 a future global trade system that can reach deeply into new markets and expand the UK's global trade prospects. Our freeport will act as a springboard to Europe and the rest of the world.

-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 the most deprived community in the country. And the East of England has been hit hard 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 (building on the existing skills programmes currently in place) across diverse communities. Freeport East at Harwich will place thousands of new, high-quality jobs within a deprived community, having a strong levelling up impact locally, as well as supporting the wider sub-region, including areas that require levelling up in North Essex and Suffolk Including Babergh and Mid Suffolk which saw increases in Universal Credit claimants during the pandemic of over 100%, resulting in significant underemployment in what had previously been seen as a low area of deprivation.

-We will be driven by innovation. Freeport East will focus on high added-value industrial development by making the free zone and its hinterland an unparalleled innovation hub. The region hosts two of Britain's most important centres of innovation: BT's research centre at Adastral Park and Cambridge University alongside several smaller clusters of innovative and tech businesses in Ipswich, Colchester and Stowmarket. The University of Essex is the country's leading KTP provider and member of the Freeport East Supervisory Board. Together with their partners on the Innovation Board, we will help to deliver significant innovation support to businesses. We will leverage and deepen this existing innovation eco-system to underpin development and clustering of leading-edge, technology-led industries including autonomous vehicles, maritime technology, offshore wind energy, renewables related technologies, clean energy, agri-tech, construction, food production, maritime functions and technology clusters as well as the country's primary Green Energy Hub at Harwich.

In delivering these objectives, we will follow the following 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. The East Anglia coast already hosts 50% of the entire installed capacity for offshore wind in the UK and this share will remain constant to 2030 when 40GW of capacity is available around the UK. Our capacity to generate clean, renewable energy from multiple sources, and to create commercial critical mass for scale-up and roll-out, sets us apart.

-We will work in partnership. A freeport is a cross-sector and cross-industry development. Freeport East will be catalysed by partnerships and will trigger enormous

investment from the private and public sectors. Our existing trans-boundary and cross-industry arrangements will be developed further with governance that rests on our substantial history of effective partnership working and joint approaches to tackling important economic and social challenges

1g. Net Zero

Strategy for achieving latest emissions targets of 1990 levels by 2050

Freeport East will deliver on six parts of the PM's Ten Point Plan for a Green Industrial Revolution:

- Wind: Strategically located and offering vast space as well as deep water facilities needed to serve next generation, both fixed and floating, offshore wind projects, Harwich offers direct access to existing (and future) operational wind farms for a wide range of O&M activities; planned Round 3 projects for assembly, marshalling and installation support; and longer term to support manufacturing, fabrication of turbines, foundations, and substations, for Round 4 project areas and beyond. Hydrogen will also be produced via renewable energy from nearby offshore windfarms.
- Hydrogen: At its peak by 2030, 1GW of hydrogen could be produced - achieving 20% of the PM's 5GW target.
- Nuclear: Large parts of this hydrogen could be produced via nuclear energy at Sizewell B and then Sizewell C (SZC), when this comes online. The Freeport East Hydrogen Hub will be developed with partners EDF, operators of Sizewell B and developers of Sizewell C nuclear power stations, and Ryse Hydrogen who are building the UK's first hydrogen production and distribution network. Wrightbus and JCB will also participate in the scheme
- Greener maritime: Hydrogen applications will be developed at Felixstowe and Harwich ports to power port equipment and marine vessels.
- Zero emission transport: The scale of operation at Freeport East and the creation of a hydrogen hub will make it a prime location to support the early roll-out of electric and hydrogen vehicles to the freight industry, both road and rail, with 7000 trucks and 38 trains per day entering the Port of Felixstowe.
- Innovation: The hub will enable at-scale trials of multiple innovative low-carbon initiatives centred around hydrogen and nuclear technologies. Agriculture (which is the largest user of land in Freeport East's hinterland, including largest areas of the UK's most fertile land), the Hub's expertise in hydrogen could develop pilots for on-farm hydrogen production from energy from waste both to power agricultural vehicles, local heat networks in rural areas/heating poultry accommodation as well as onsite ammonia-based fertilizer production. Given that Freeport East is in the driest part of the UK there is also potential both for innovation in low-energy desalination technologies and/or the direct feed of seawater into the green hydrogen production process. University of Essex is also the second largest university collaborator with BT after Cambridge and has specific expertise in data analytics, signal processing and edge computing which can support the delivery of Internet of Energy objectives as outlined in the Energy White Paper.

Gateway 14 will be delivered to BREEAM very good standard, and the innovation cluster will be BREEAM excellent with solar PV, EV charging, air source heating and a local energy

network developed on site - creating an exemplar commercial development linking innovation and net zero ambitions.

The Suffolk energy from waste facility supplies the energy needs of occupiers at the nearby Customs Site, Port One which has been constructed to BREEAM very good standard

All Freeport East development sites will be delivered to the highest standards including:

- All roofs designed to accommodate Solar PV and installed where possible
- Active EV and passive EV charging spaces
- Air Source/ground source Heat Pump
- Minimum Target BREEAM 2018 rating of Very Good
- Rainwater harvesting
- LED lighting
- Smart energy systems installed to monitor energy use
- Surplus ducts to be provided to future proof for future energy provisions
- Aspiration for net zero carbon

Freeport East will play a crucial role in meeting UK government's Net Zero 2050 ambitions. This will be multidimensional, incorporating green energy production for deployment across the country, the implementation of low-carbon operations and the promotion of international trade and manufacturing to further advance the UK's resources to advance the net-zero agenda. Freeport East will:

- Create the Green Energy Hub, producing green hydrogen for use both within the freeport and externally in locally important industries such as Agri-tech, food production, alongside growing the hydrogen supply chain and supporting the construction and operation of next generation, both fixed and floating, offshore wind projects.
- Leverage the presence of forthcoming active nuclear power stations at both Sizewell and Bradwell sites to support hydrogen development, along with inducing further global investment and innovation.
- Emphasise sustainable transport for freight movements and internal port handling. We will identify and trial the potential for connected autonomous vehicles, low-carbon fuels and modal shifts from road to rail freight transportation, leveraging the critical mass of vehicle and rail movements already present at the Port of Felixstowe.
- Develop a net-zero aligned business park at Gateway 14, integrating a range of renewable heat and energy initiatives.

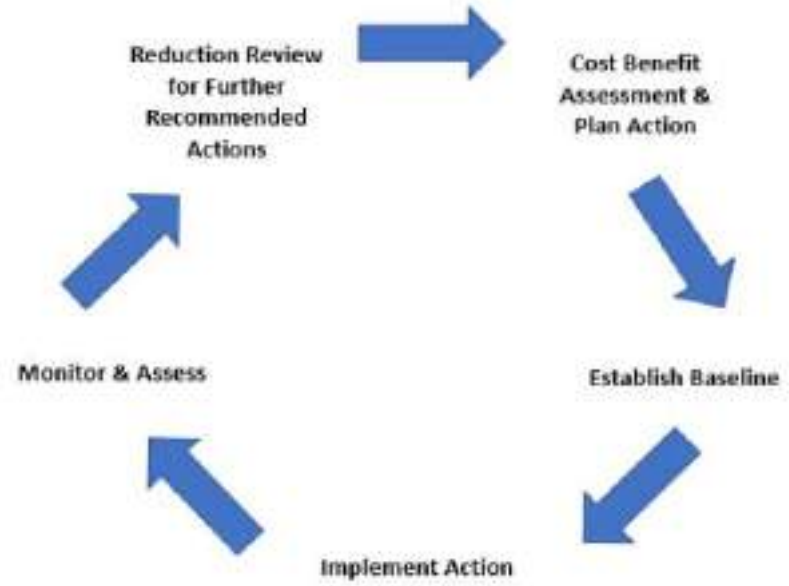
Importantly, this provides tangible responses to the Government's Energy White Paper, exploiting the strategic importance of the East of England geography in renewable energy generation, already the home to the largest concentration of offshore wind potential in the UK with over £6 billion invested in wind farms off the region's coastline. This is further bolstered by the significant nuclear capabilities in close proximity to the Freeport East boundary, demonstrating the freeport area as a key node for the production and deployment of green and low-carbon energy.

Whilst these bespoke initiatives will support the clean energy agenda, construction phases pertaining to these will also seek BREEAM certification, further promoting low-carbon construction processes and operations as evidenced in development plans such as those for Gateway 14. This will be linked to the NALEP ambition to be the UK's clean growth region, as set out within the Local Industrial Strategy, alongside the NALEP and SELEP

agendas to be ‘Green Pathfinders’ and the climate emergencies declared by Tendring, East Suffolk, Suffolk, Colchester, Babergh and Mid-Suffolk.

Freeport East has a broader role to play in enabling the UK to achieve its plans for a net-zero society, as many of the required green products and technologies are manufactured abroad and imported. Using existing international connections, Freeport East will facilitate post-Brexit trade in these goods with Asia, the EU and the rest of the world, along with enabling more opportunities for international companies to move manufacturing jobs to the Freeport East site.

Within the Felixstowe Tax Site and the Harwich Tax Site there are Port Air Quality Strategies (PAQS) that will be adopted to monitor and track performance against set objectives and the action plan cycle can be visualised as follows:



Monitoring the progress against the Action Plan comprises of three elements:

1. Monitoring progress of implementing actions listed in the PAQS.

2. Estimating the impact of the actions on pollutant emissions, through updating on a regular basis the emissions inventory that supports the PAQS, to confirm if the targeted emission reductions have been achieved.

3. Monitoring ambient air pollutant concentrations at the port to track the actual air quality situation and to try to confirm the impact of implementing the mitigation measures. This includes recommendations for changes to the current air quality monitoring that is undertaken in order to better target the monitoring of the expected actions.

Reviews should consider the effectiveness of the monitoring (reliability and availability of the data), the scope of the monitoring and whether this is still sufficient, and the trends in the data analysis.

As part of the review cycle, the PAQS is resubmitted to the Department of Transport (DfT) every 3 years from initial submission. It is recommended that, as a minimum, the action plan

is updated as part of this resubmission. The appropriateness of the monitoring plan will also be reviewed if any changes occur.

Within these 2 sites examples of what will be monitored is indicated below, however not all elements are relevant to both sites.

Mitigation Measure	**Aspects to monitor each year**
Mitigation Measures addressing Vessel Emissions	
Shore power at all berths	Berths with shore power connection provided Proportion of vessels calling at the berth connecting to shore power
Mitigation Measures addressing port machinery – Internal Tractors (IT)	
Full electrification/ conversion to hydrogen of the IT fleet ***And*** Electrifying or converting to hydrogen 10% of the IT fleet	Diesel ITs removed from fleet (specifying emissions Stage) Number of electric/hydrogen ITs added to fleet Operational hours for each unit
Replace existing diesel ITs with new electric/hydrogen ITs	Diesel ITs removed from fleet (specifying emissions Stage) Number of diesel ITs added to fleet (specifying emissions Stage) Operational hours for each unit
Mitigation Measures addressing port machinery – RTGs	
Electrification of all RTGs at Landguard Terminal ***And*** Electrification of remaining diesel RTGs at Trinity Terminal	Fuel consumption of RTGs (should drop to zero)
Increase utilisation of E-RTGs in electric mode at Trinity Terminal	Diesel fuel consumption of E-RTGs Operational hours in each mode Electricity consumption of E-RTGs
Mitigation Measures addressing Rail Emissions	
Electrifying Rail Lines	Proportion of locomotives using electrified rail line that are still diesel locomotives
Loco Stop-Start Functionality	Proportion of locomotives with stop-start functionality deployed
Increase modal Shift to Rail	Utilisation rate of each service (% of wagons full) % TEUs transported by rail Number of rail services at each rail terminal each week
Mitigation Measures addressing Vehicle Emissions	
Electrifying or converting to hydrogen the Light Vehicle Fleet	Number of diesel vehicles replaced with electric/hydrogen Fuel consumption of this fleet
Mitigation Measures addressing Corporate & Commercial Emissions	
Remote & Flexible Working	ANPR data Distances travelled internally in the port

Within Gateway 14 the approach will build upon the earlier studies to assess the carbon & financial impacts of the infrastructure's design, construction, commissioning and operation.

The scope of monitoring was positioned as follows:

Scope 1 (Direct emissions): Activities owned or controlled on the site which release emissions straight into the atmosphere. They are direct emissions. Examples include emissions from combustion in owned or controlled boilers, furnaces, vehicles; emissions from chemical production in owned or controlled process equipment.

Scope 2 (Energy indirect): Emissions being released into the atmosphere associated with consumption of purchased electricity, heat, steam and cooling. These are indirect emissions that are a consequence of site activities but which occur at sources we do not own or control.

Scope 3 (Other indirect): Emissions that are a consequence of actions, which occur at sources which we do not own or control and which are not classed as scope 2 emissions. Examples of scope 3 emissions are business travel by means not owned or controlled by our organisation, waste disposal, or purchased materials or fuels.

Emissions can be monitored on:

- Combined Heat and Power (CHP) where we are the generator
- Consumption of Electricity
- industrial processes lead to GHG emissions
- emissions associated with Passenger Transport
- emissions associated with Freight Transport
- emissions from the use of Refrigeration and Air Conditioning Equipment
- life-cycle emissions from the use of Water, Biomass and Biofuels, and from Waste Disposal
- emissions from supply chain

Gateway 14 site monitoring is already being reported via the Council's Environmental Programme Board, Gateway 14 Board and reported up through the Suffolk Climate Change Partnership and appropriate groups and will be incorporated into Freeport East.

Carbon Baseline

Freeport East recognises the importance and need to undertake a detailed carbon modelling exercise and is working with the Freeport Hub to develop a baseline model that will drive the carbon reduction targets to achieve Net Zero.

This model will be applied across the 3 tax sites as a condition of the site-specific agreements reporting requirements will be required to allow monitoring and evaluation.

Capital projects developed by Freeport East will be assessed against their ability to impact the carbon baseline as a determining factor in their funding and end occupiers will be supported and incentivised to adopt net zero policies to support the ambition of the Freeport

On a wider Freeport East economic area supporting projects will be explored with partners, aligning to their own net zero plans to explore the collective impact and progression of the Freeport Economic Area towards Net Zero by 2030, with the aim of interventions provided by Freeport East to support that transition, although proper evaluation is still required to determine the viability of such wider aims.

Our initial carbon modelling has started to look at the potential carbon savings in the £25m seed funded scenario, indicating a carbon value of £5,369,672 in savings over the 25 years, accounting for inflation. The savings are based on the infrastructure plans and identified carbon saving projects across Hutchison Ports UK as well as the benefits per sqm for the net zero exempla site in Gateway 14. As the baseline is developed the savings model will also

be enhanced based on end user impacts as well as additional projects to support carbon savings.

This provides a £ per hectare figure for each site over the Freeport lifetime as:

- Harwich: £5,799
- Gateway14: £60,157
- Felixstowe: £20,374

1h. Equalities

In establishing our governance arrangements, we are committed to diversity in line with clauses 78 and 79 of the National Local Growth Assurance Framework. As part of this commitment, we will publish a diversity statement and an annual report to the Supervisory Board on progress in encouraging diversity and potential improvements. We will nominate a diversity champion from the board to embed diversity across Freeport East to ensure objectives are met.

Freeport status will seek to capitalise on future-facing industries. Fundamental to this transition is the emphasis on attracting a diverse range of people into these 'industries of the future', with a key opportunity to develop unique programmes and initiatives to encourage people who may not previously have been included, or were 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 such as Hutchison Ports and the constituent local authorities will form a critical foundation to harnessing opportunities related to the freeport.

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 assessment processes and protocols, if any additional negative impacts might be identified as part of the Freeport East proposal, these can be addressed and mitigated accordingly.

Aims and objectives:

- Equal and appropriate opportunities in managing delivery staff and assignment from partner organisations;
- Effective partnership working with all stakeholders; and
- Positive action to promote equality wherever possible.

We are committed to promoting equality by:

- Ensuring that Freeport East users are treated with dignity, respect and fairness
- Ensuring that services are provided without discrimination or prejudice against, or bias towards, any of the protected characteristic groups
- Supporting a diverse and engaged workforce that feels empowered and involved, who are encouraged to put forward new ideas, and who receive praise and recognition
- Having in place appropriate and fair recruitment, employment and promotion practices and procedures
- Providing training opportunities for assigned delivery team members
- Letting contracts to suitable/appropriate suppliers of services

- Working effectively in partnership with all Freeport East stakeholders
- Taking positive action to promote equality wherever possible
- Making decisions based on a fair, equitable and consistent approach (as well as Best Value Statutory Guidance)

Freeport East aims to have a delivery team that is representative of the local community. This will be achieved by ensuring that there are no barriers to securing positions or progression. All partnership staff resources allocated to Freeport East will be given help and encouragement to develop to their full potential and utilise their unique talents. Therefore, the skills and resources of our organisation will be fully utilised and we will maximise the efficiency of our whole delivery team. Freeport East aims to:

- Create a positive and supportive working environment for all partnership staff allocated to Freeport East that is inclusive and free of discrimination.
- Protect the delivery team from being discriminated against because of one or more protected characteristics that apply to them.
- Provide equal opportunities to all delivery team members in the workplace.
- Promote diversity in the workplace.
- Respond to changing demographics and working patterns. Measures already being implemented within Freeport East partners to increase inclusivity include:
    - Using remote control technology on the port and assistive technology to reduce barriers to entry
    - Prioritising increasing accessibility within high skilled jobs than manual jobs to reduce skill barriers
    - Adapting to remote home working using data technology.

Equalities information, advice, training and support will be provided as part of the induction training to all new partnership staff allocated to Freeport East to promote a positive culture within the organisation in relation to all protected characteristic groups, and ensure that this is embedded in all services that the organisation provides. All partnership staff allocated to Freeport East will be clear that must comply with this Policy, which will also be drawn to the attention of funding agencies, stakeholders, customers, learners, and job applicants.

We encourage a diverse workforce and aim to provide a working environment where the delivery team are valued and respected, and where discrimination, bullying and harassment are not tolerated. The partnership approach ensures that all delivery team members are comfortable to raise any concerns via a variety of routes so we can apply corrective measures.

When appointing individuals to positions or promotions the selection process and their suitability for the role will be solely based on their aptitude, ability and behaviours. Appointments will not be affected by any of the protected characteristics i.e. anyone with one or more protected characteristic will not be treated unfairly nor favoured. Freeport East is committed to providing all delivery team members with opportunities to maximise their skills and achieve their potential, offering flexible working arrangements wherever possible.

Partnership Working:

We will work in partnership with other organisations to achieve best practice and ensure the best use of resources across the Freeport. Key partnerships include:

- Members and stakeholders of Freeport East
- Tax site landowners

- Customs site operators
- Freeport tenants

Equality considerations form a very important part of the procurement process. We will ensure that the purchase of goods, services and facilities is undertaken in line with our commitment to ensure equality of access and opportunity for all and complies with the requirements included in the Equality Act 2010.

We aim to ensure that our suppliers abide by the law and are working to best practice in this area. As part of our tender evaluation criteria, suppliers are required to provide evidence that they have appropriate equal opportunities policies in place and are committed to them.

Our policy will be monitored and reviewed periodically to ensure that Equality and Diversity is continually promoted in the workplace

1i. Environmental impact

Any development of Freeport East will follow all relevant regulations relating to air and water quality, management of waste, and the treatment and handling of chemicals.

Hazardous products management during the construction phase of the Harwich site will at minimum include:

Any chemicals or hazardous substances required on site will be stored in a contained, bunded area of hardstanding, with bunded capacity equal to 110% of the total capacity of all containers stored within the area. The store will be secured and sited away from any risk of damage from impact or collision. The area will be inspected regularly as part of the site inspection procedures and checked for any damage or leaks. Spill kits will be stored within the area which are appropriate to the nature of the materials being stored.

Waste materials will be safely and securely stored on site. Bins and skips will be covered as appropriate to prevent wind-blown rubbish leaving the site. Waste storage containers will be checked for holes or damage as part of the regular site inspection regime to ensure that any liquid does not escape (e.g., materials which become wet from rain).

Waste will be appropriately disposed of via authorised contractors and duty of care documentation (e.g., waste transfer notes) will be kept for each load of waste removed from site.

Oils and fuel will be stored in accordance with The Control of Pollution (Oil Storage) (England) Regulations 2001. All static fuel tanks and bowsers will be impermeable, integrated bunded tanks. These will have a primary container manufactured with integral secondary containment that holds a minimum of 110% of the volume of the inner tank.

Delivery and refuelling will be supervised at all times and checks will be made to ensure that the correct type and volume is being delivered. Delivery and refuelling will be undertaken on areas of hardstanding where practicable. Appropriate control measures (including drip trays and spill kits) will be employed.

Oils and fuels will be stored more than 10m from watercourses or drains. Spill kits will be provided in all areas where oil and fuels are stored.

Marine works will take into account typical marine license conditions and requirements, which are currently anticipated to include:

- Issue Notice to Mariners at least 5 days in advance to local mariners and fisheries, notification of MMO and HM Coastguard. The MMO must receive a copy of the Notice to Mariners within 24hrs of issuing.

- Issue notification of vessels to be used on the licensed activity at least 24 hours in advance to the MMO. The notification must include the master's name, vessel type, vessel IMO number and vessel owner or operating company.

- Submission & approval of archaeological Written Scheme of Investigation (WSI) and Protocol for Archaeological Discoveries (PAD) to MMO at least 6 weeks prior to commencement.

- Dredged sediment to be disposed evenly using gridded system to avoid shoaling. Only the amounts specified in the relevant approved license schedule can be disposed.

- Any man-made materials to be separated from dredged sediments and disposed of to land.

- Any spills of oil, fuel or chemical must be reported to MMO response team within 12 hours.

- Report monthly disposal volumes and locations to MMO. Reporting of such volumes occurs twice yearly: once on 15 February and once on 15 August.

- No overspill of clay or other materials whilst material is transported to the offshore disposal site (currently anticipated to be Inner Gabbard East TH056)

No dredging or disposal may take place after 31/12/2023 until further sampling has been undertaken analyzed and approved by MMO.

- An annual hydrographic survey of the disposal site and its surroundings must be carried out and the results reported to the MMO in writing.

- Notification of completion of the works to be given to UKHO and MMO within 2 weeks. The local MMO office needs to be notified within 10 days.

- Within 6 weeks of completion of the works all equipment, temporary structures, waste and debris associated with the licensed activities needs to be removed.

- Within 12 weeks of completion a bathymetric survey needs to be provided of the dredged area to the MMO.

Given the size and nature of the works additional mitigation measures will include:

- Management of dredging reclamation activities may require adherence to turbidity limits

- Construction Works should be appropriately marked

- Passage for larger commercial vessels during the works to be coordinated by and with the Harbour Master

- Dredged silt should be transferred directly to disposal vessels rather than being double handled.

- With regards to the archaeological Written Scheme of investigation: it is anticipated that this will include maintaining a watching brief during dredging and excavation works.

Flooding and coastal erosion are key factors relevant to the Harwich Site and have been factored in as follows:

Most of the land lies within Flood Zone 3, which is defined by the NPPF as having an annual probability of flooding of 1 in 200 years (0.5%) or greater.

The existing flood defences in the area comprise a bund around the western end of the bay and the A120 also comprises part of the flood defence. It is understood that the road forms a permanent hard flood defence. However, the section of defence between the road and Harwich International Port is considered a 'soft' structure.

Due to the construction of the project area, levels will be amended such that at the quayside, the level will be raised from the existing level to 6.02mCD (4mOD). To the rear of the site, the flood defence level will be maintained at 7.42mCD (5.4mOD) to tie in with the existing defences at Harwich international Port.

In the western part of the project area, a new flood defence wall must be constructed. A sheet pile wall with timber coping will be constructed to 6.72m CD (4.7m OD). 3 flood gates must be constructed as well.

2. Wider impacts

Freeport East 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 a future global trade system that can reach deeply into new markets and expand the UK's global trade prospects. Our freeport will act as a springboard to Europe and the rest of the world.

Social impact: Freeport status and seed capital will deliver a high social impact on the surrounding region. In our appraisal we have monetised this effect by pivoting off the Green Book value of a QALY. Full details of our methodology can be found in Appendix I.

Environmental impact: Freeport East will be developed and operated in line with best environmental practice. Additionally, the Freeport encompasses a Green Energy Hub which will not only be used to develop zero carbon power to drive developments at the site, but also stimulate innovation for which the benefits will be realised nationally. These developments will therefore have material direct and indirect environmental benefits; direct benefits only are captured in our VfM appraisal, indirect benefits are discussed in our qualitative assessment section. We are aware that there may be negative environmental impacts as well which we will mitigate through traffic management planning, as well as a focus on movement to electric and hydrogen powered vehicles along with advocacy and business cases for relieving transport infrastructure where necessary. Planning considerations at the Harwich (Bathside Bay) site are sensitively mitigating environmental impacts highlighted by statutory consultees.

Equality impact: Locations within the freeport area characterised by higher levels of deprivation, lower than UK average household income and UK average GDP will be targeted. Equally, tax revenues generated by growth on the site will be reinvested into further development of the sites and will also fund initiatives to create jobs and businesses in the most deprived parts of the area. Freeport East aims to have a workforce that is representative of the local community. This will be achieved by ensuring that there are no barriers to securing positions or progression. All employees will be given help and encouragement to develop to their full potential and utilise their unique talents. Therefore, the skills and resources of our organisation will be fully utilised and we will maximise the efficiency of our whole workforce. Please refer to our equalities information in section 1h.

Clustering and agglomeration impact: The Freeport East three tax sites were selected via a rigorous assessment of a long list of locations across the sub-region. Criteria ranging from the proximity of each site 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.

Additionality impact: The three selected Tax Sites are considered capable of generating new, net 'additional' economic activity in 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 targets economic activity which 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, inclusive economic growth that extends and diversifies target industry supply chains. The three (3) tax site locations are already perceived by the market as logical places for new economic activity, given their locational and physical characteristics, proximity to 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 and the rest of the World will be new activities attracted in direct competition with 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 carefully targeted at investor and occupier markets in key industry sub-sectors (e.g. value added food processing and logistics, modern methods of construction, agri-tech, engineering and renewable energy businesses) that will not replicate or replace existing economic activity.

To proactively avoid economic displacement and crowding out our focus will be on securing displacement from overseas, in particular the continent, not from elsewhere in the UK. We will careful select target industry sectors that enable new business development locally. Our skills development programmes will specifically target relatively deprived communities and providing pathways into new opportunities generated. This focus on additionality recognises the freeport as a powerful tool to attract inward investment to the UK currently being lost externally in sectors such as renewable energy.

This will be bolstered by the promotion of modal shifts from road to rail by working with Network Rail and the rest of the industry to increase intermodal capacity and use of low-carbon fuels. We welcome the Government's funding for the Ely Junction upgrade as well as the newly announced East West Rail.

Air quality decline will be mitigated through the HPUK Air Quality Management Plan which highlights processes to monitor and proactively improve performance. This builds upon a legacy 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.

We envisage a substantial uplift in local house prices based on increased employment density and local productivity increases but have not included these in our appraisal.

3. Financial risk

The risks fall into two categories:

1) Construction costs: further detailed site investigation, analysis and design is required to allow for more accurate cost estimation and then procurement of the necessary

works to reclaim the bay and to construct the necessary infrastructure. The current cost estimates are based upon historical costs for similar works in the vicinity and a broad estimation of the required material quantities.

2) Revenue: current estimates are based upon historical revenues for activities that could be undertaken in support of Offshore Wind development in respect of the Green Energy Hub at Harwich. No revenues have yet been secured.

4. Tax site delivery and management

Land ownership and planning status related to each of the tax sites

Tax Site	**Felixstowe**
Planning status	Permitted: DC/15/2576/FUL | Erection of 4no. buildings for use for storage and distribution purposes (Use Class B8) with associated access, parking, drainage and landscape works. | Land Off Dock Road The Docks Felixstowe Suffolk
Land ownership	Hutchison Ports UK ltd
Stage of development	Obtained in December 2015 and has subsequent been implemented for Phase 1 - Zone A comprising three buildings of approximately 106,000sqft, 205,000sqft and 220,000sqft
the risks for the site and how these will be mitigated eg planning	No foreseeable risks in developing the site
A clear statement of the vision for the tax site (including sectoral focus).	High value manufacturing, processing and engineering hub to maximise the benefits being immediately adjacent to Felixstowe Port, the UK's gateway to Europe and Asia.
Current developments on site	Within the area identified as Phase 1 of the Felixstowe Tax Site, previously marketed as a Logistics Park, the land is undeveloped with no existing sheds. Within the area identified as Phase 2 of the Felixstowe Tax Site, there are three existing time-expired buildings which were constructed 60 years ago which are now redundant and will be demolished as part of our Felixstowe Tax Site development. These comprise the following existing sheds: • Transit Shed 13 – 56,046 sq ft used by Seakargo Limited, date of build 1965, c.10 FTE's, RV not yet set by VOA • Transit Shed 14 – 91,127 sq ft used by Hutchison Logistics, date of build 1961, c.4 FTE's, RV not applicable as part of the port estate • Warehouse 82 – 72,115 sq ft used by Sea Transport, date of build 1965, c.20 FTE's, RV £292,500 The use of all the above existing buildings is for (low-value, low-margin) simple logistics.
Plans for redevelopment	Our plans assume the development of 1.4m sq ft of new build to suit facilities together with the creation of a hydrogen hub to support supply chain decarbonisation

	activities plus an HV upgrade to our power supplies including the use of renewable energy to serve the Freeport East Felixstowe Tax Site. Previous attempts at marketing stalled as a greater value proposition was required to make the site viable, the Freeport interventions will unlock commercial development and provide the necessary infrastructure required to allow for higher value developments to support the freeport policy objectives.
Statutory consultee position	For Phase 1 of the Felixstowe Tax Site, full planning consent was obtained by the landowner, Hutchison Ports Limited, and granted in December 2015 (DC/15/2576/FUL) for the erection of 4no. buildings for use for storage and distribution purposes (Use Class B8) with associated access, parking, drainage and landscape works. To support the wider vision for hydrogen, manufacturing and agri tech, change of use applications will be submitted.

Tax Site	**Felixstowe**
Planning status	Permitted: DC/19/2471/AME | Non Material Amendment of DC/16/1933/FUL - Demolition of office building (use class B1a) and redevelopment of site to provide a distribution and storage facility (use class B8), vehicle parking, gatehouse and staff welfare facilities, landscaping, access alterations and relocation of pumping station
Land ownership	Maritime Transport
Stage of development	Working to build out scheme as planned, not yet appointed a contractor
the risks for the site and how these will be mitigated eg planning	No foreseeable risks in developing the site
A clear statement of the vision for the tax site (including sectoral focus).	High value logistics hub to maximise the benefits being immediately adjacent to Felixstowe Port, the UK's gateway to Europe and Asia and the rest of the world.

Tax Site	**Gateway 14**
Planning status	Permitted: DC/21/00407 | Hybrid Application for the phased employment-led redevelopment of Land at Mill Lane, Stowmarket (Gateway 14) including: Full Planning for site enabling works phase comprising, ground remodelling, utility diversions, installation of framework landscaping, creation of new footpath links, installation of primary substation, highways works
Land ownership	Gateway 14 ltd (Mid Suffolk Council)

Stage of development	Planning granted, clients awaiting to sign agreements pending Freeport Tax site designation
the risks for the site and how these will be mitigated eg planning	No foreseeable risks in developing the site
A clear statement of the vision for the tax site (including sectoral focus).	The focus will be on innovative clients that align to the Net Zero/Highly Sustainable vision for the site. High value logistics, manufacturing, R&D and professional services are the primary sectoral focus for the site.
Current developments on site	Not applicable
Plans for redevelopment	Hybrid Planning Consent issued 5/11/21- with detailed consent to implement infrastructure works and outline consent for c. 227,830 sqm of employment accommodation. Infrastructure works have been tendered and preferred contractors appointed, start on site confirmed as April 2022. Infrastructure works to create the whole framework for the business park are expected to be completed by Autumn 2022 with planting and landscaping works to be complete by Spring 2023.
Statutory consultee position	Full Planning Permission received for site enabling works phase comprising, ground remodelling, utility diversions, installation of framework landscaping, creation of new footpath links, installation of primary substation, highways works including stopping up of Mill Lane, new all modes link from the A1120 Cedars Link to Mill Lane, new footway cycleway over the existing A1120 overbridge, installation of toucan crossing on the A1120 Cedars Link, footpath connection to the Gipping Valley Way, foul and surface water drainage infrastructure, outfalls and associated works. Outline Planning Permission received (all matters reserved, except for access) for the erection of buildings comprising employment and commercial use, open space and landscaping, car and cycle parking, highway works, and other associated works. This split application allows us to progress with all the utilities and site preparation works and negotiate with occupiers on building location, style and layout on an

	individual basis. A detailed application will be made for each building as occupiers are confirmed. Full details of the planning consent are on the BMSDC planning portal DC/21/00407 | Hybrid Application for the phased employment-led redevelopment of Land at Mill Lane, Stowmarket (Gateway 14) including: Full Planning for site enabling works phase comprising, ground remodelling, utility diversions, installation of framework landscaping, creation of new footpath links, installation of primary substation, highways works including stopping up of Mill Lane, new all modes link from the A1120 Cedars Link to Mill Lane, new footway cycleway over the existing A1120 overbridge, installation of toucan crossing on the A1120 Cedars Link, footpath connection to the Gipping Valley Way, foul and surface water drainage infrastructure, outfalls and associated works: Outline Planning Permission (all matters reserved, except for access) for the erection of buildings comprising employment and commercial use, open space and landscaping, car and cycle parking, highway works, and other associated works(additional plans, documents and EIA information received 08/04/2021) and subsequent ES addendum letter received 17th June 2021. | Gateway 14 Land Between the A1120 And A14 Stowmarket Suffolk (baberghmidsuffolk.gov.uk) but in addition there is a PDF presentation on the G14 engagement site which may be of interest as it summarises the application What's planned? | Gateway 14 (g14yoursay.co.uk) Quarterly updates on progress are also uploaded to this site. In terms of what this means for G14, now that this planning consent has been secured, G14 can commence works on site to create the framework for the business park, with road and utility infrastructure as well as structural landscaping and off site works to the road network. Work is starting on site by the end of April.

Tax Site	Harwich
Planning status	Planning permission 10/00203/FUL in place with Hutchison Ports for: replacement planning permission (in respect of planning permission 03/00600/FUL) for the reclamation of Bathside Bay and development to provide an operational container port; as varied by 21/01810/VOC.
Land ownership	Hutchison Ports UK Ltd
Stage of development	Permission implemented in March 2022. A section73 application is to be submitted in 2023 to vary the use on a temporary basis of the container port to allow a temporary Green Energy Hub, to include the facility to support the Governments ambitions for the further development of Offshore Wind Generation off the East Coast.
the risks for the site and how these will be mitigated eg planning	. Consultation is underway with the various agencies regards the planning conditions attached to the permission to ensure that the conditions are satisfied. The EIA work for the MMO application for the marine licensing for dredging, construction of the quay wall and disposal of dredge material is underway.
A clear statement of the vision for the tax site (including sectoral focus).	Harwich will act as a key site in the UK's hydrogen strategy, producing 20% of the UK's needs as well as providing a substantial offering for the offshore wind industry which is lacking available developable facilities. Future energy solutions will be the focus for the site as part of its 1st phase development of becoming a container port.
Current developments on site	A new 31,667 sq ft **Border Control Post** was completed in 2022 at Harwich and is located within the boundary of the Harwich Tax Site, our latest estimates for employment in this new facility is that operations will include approximately 37 Harwich International Port staff with up to 15 Port Health inspectors and 9 APHA inspectors when fully operational (subject to change). There is no rateable value data available at present. Government is assessing what inspections will be required and are due to confirm by end of 2023.
Plans for redevelopment	Harwich Tax offers an ideal location for the development of a Green Energy Hub. It will target and support a) large-scale offshore wind manufacturing with magnitude to provide flexible land allocations near deep water quays needed to serve next generation, both fixed and floating, offshore wind projects, b) offshore wind installation, being best located for at least 70% of the installation market in comparison with competing ports in the UK, and c) offshore wind operations and maintenance, where O&M spend is expected to increase to more than £2bn per annum by 2030. The 122-hectare site will offer 1.4km of waterfront including 450m of heavy-duty quay with a potential for up to 850,000m2 of reclaimed land to offer space and the possibility for cluster benefits with other manufacturers and offshore wind construction companies in the best location to serve a vast UK offshore wind market. Harwich will also act as a key site in the UK's hydrogen strategy as well as providing a substantial offering for the

	offshore wind industry which is lacking available developable facilities.
Statutory consultee position	Planning permission 10/00203/FUL is in place with Hutchison Ports for: replacement planning permission (in respect of planning permission 03/00600/FUL) for the reclamation of Bathside Bay (BSB) and development to provide an operational container port. Intend to apply for a section 73 application to vary it to allow on a temporary basis the construction of offshore wind manufacturing facilities. As part of this process, there are certain pre-commencement conditions which have been varied (8 in total) which relate to details and works required before the container port becomes operational which are not necessary to discharge now (and which have been approved by TDC to discharge later 21/01810/VOC refers). Those relating to the agreement of details, funding, powers and consents to implement and commencement of off-site highways improvements on the A120(T) and at the A12(T)/A 120(T)/A1232 Ardleigh Crown Interchange. These cannot be met in the timescales we are working to, and in any event the works are only required to ensure that the strategic road network can accommodate HGV traffic beyond a certain level of operation of the container port. These conditions fail to meet the statutory tests now set out under Section 100ZA the Town & Country Planning Act 1990 (as introduced on 1st October 2018 triggering Section 14 of the Neighbourhood Planning Act 2017 (Commencement No. 5) Regulations 2018) for the purposes of an offshore wind manufacturing cluster.

Tax Site	**Harwich – Phoenix industrial Park 2.3ha**
Planning status	Site currently without benefit of planning permission or an allocation in the Local Plan however owners prepared to apply.
Land ownership	J&J holdings
Stage of development	Principle of development at this general location has been accepted however, with land immediately south (on the other side of the A120) benefitting from planning permission
the risks for the site and how these will be mitigated eg planning	Planning will be secured based on the principals accepted for surrounding sites, referencing similar developments nearby
A clear statement of the vision for the tax site (including sectoral focus).	Due to its location and surrounding businesses, it is expected that in the immediate term the site would be used for engineering, however as the wider Harwich site develops the vision would align to support the Future Energy sector.

Tools, mechanisms and approaches to be deployed to deliver the intended land use and benefits from each of the tax sites

Freeport East will collectively manage, monitor and report on the three Tax Sites, being primarily under the ownership and control of two landowners, namely Hutchison Ports UK (Felixstowe and Harwich Tax Sites) and Gateway 14 Limited (ultimately owned by Mid Suffolk District Council), working collectively and with external partners to promote the wide range of incentives and support to ensure they deliver the desired outcomes to the greatest degree possible.

Businesses located in designated tax sites will be required to sign up to site specific agreements that ensure obligations are met regarding the upcoming Freeport Monitoring and Evaluation guidance. In addition, this document will make all commercial occupiers aware (existing and new) the need, in receiving Freeport benefits, to engage with the Freeport Delivery team in:

- Exploring supporting projects to enhance clean growth, trade, investment, skills, innovation and collaboration with the wider economy
- Providing data on jobs growth, investment, carbon emissions, skills projects, R&D spend, new products and services, on a frequency defined by the Monitoring and Evaluation guidance.
- Fulfilling any requirements for the differing intervention schemes to ensure compliance with subsidy control obligations in advance of, during, and after claiming relief.

Businesses that enter the tax sites will also be required to be notified that in return for the levers and interventions Freeport East will provide, their obligation is to engage with the FREN co-ordinator, reporting on their economic performance and explore opportunities to enhance their skills, innovation, clean growth and inclusive growth aspirations.

The Local Planning Authorities (LPAs) of East Suffolk, Mid Suffolk and Tendring commit to the creation of a collaboration network to ensure the provision of complementary and consistent advice to landowners as they progress development at the designated tax and customs sites. Through this collaboration network, links will be provided to other stakeholders to align overall strategic visions. This will 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 Freeport East.

This strategic emphasis will continue in the development and review of Local Plans within which the freeport proposals will become embedded into the strategic priorities for economic growth across the region. Opportunities will be explored to further support the success of Freeport East through identifying 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 ambitions. This will 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 within the region, Freeport East will assist in attracting new residents to the local area, spurring development interest and positive gains in the local housing market as well as helping to raise wage levels to increase affordability of the dwellings.

The LPAs will also work together to explore the potential to prepare fast-track processes and LDOs for specific types of development within the freeport area, 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 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.

These provisions coincide with the pragmatic approach taken to the allocation of tax and customs sites within the Freeport East proposal. Through multi-criteria analysis undertaken to determine these sites, deliverability and planning status were considered primary. Consequently, the status of the proposed sites is as follows, noting that the majority are already well progressed and without considerable impediments to delivery:

- Harwich Tax Site – currently has permission for the development of a container terminal thereby requiring variation of relevant planning obligations to enable temporary alternative usage. Associated land at Phoenix Industrial Park is also allocated and protected for employment use in the Council's adopted and emerging Local Plans.
- Gateway 14 Tax Site – planning permission approved 18/8/21 and is allocated as a strategic employment site.
- Felixstowe Tax Site - planning consent granted for first phase of the formerly known Logistics Park site. Additional land at Parker Avenue, Anzani Avenue and at the Clickett Hill Road facility will also fall within existing planning permissions.
- Horsley Cross – landowner commitments to commence preparation of planning application imminently.
- Port One Blakenham – full planning permission granted for employment purposes, along with being allocated as a strategic employment site.

The current status of the sites shows the deliverability of the freeport proposals, along with the commitment from the landowners of these sites to proactively promote development. This coincides with the commitments from the LPAs to recognise the importance of Freeport East as a nationally significant infrastructure project with extensive beneficial links to the local, regional and national economy.

The existing operations at the Port 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 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 and the regulations they enforce including:

- International Maritime Organisation
- DEFRA, including the Animal and Plant Health Agency (APHA)
- The Environment Agency

- Natural England
- Local Authorities
- Safety and Marine Departments

Tools, mechanisms and approaches to be deployed

The Freeport East Management and Supervisory Boards will have overall responsibility for monitoring and evaluation. To support this, Freeport East will set a series of target KPIs, which are likely to include the following:

- Import and export volumes (sectors/goods/locations)
- New investment volumes
- New infrastructure development
- New business formation (international/local/sub-regional)
- New jobs created – total/additional/accessed by deprived communities
- Business rates retained locally
- New Products processes and services
- Collaborations

We will report on these KPIs in our quarterly and annual reports. In addition, at the end of year 3 we will commission an externally tendered and independent evaluation of success to date. It will provide a view on areas that are less easy to assess quantitatively, for example innovation improvements.

An agreement with the site owners will be put in place that commits site owners to align with the Freeport policy objectives and tax site vision. It will also set the criteria by which potential end occupiers will be assessed by the site owners, in partnership with the Freeport Delivery team, regarding alignment with the vision of the tax site and overall policy objectives of the Freeport. The assessment will firstly be an informal discussion, followed by a gateway assessment prior to tenancy. This assessment will also shape the individual code of conduct agreement and conditions where the Freeport business support offer is detailed.

5. Governance timeline and update

Freeport East will have a two-tier governance arrangement, comprising a Supervisory (Governance) 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 and Lead Authority (East Suffolk Council) the precise relationship between the billing authority, Freeport East, and East Suffolk Council when it comes to public money relating to retained rates is being negotiated as part of the incorporation of Freeport East CLG. 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.

The **Management Board**, reporting to the chief executive, will be responsible for the day-to-day operation of Freeport East and the discharge of its obligations regarding:

- marketing the freeport to domestic and international investors
- supporting investors in delivering investment, including through understanding planning, regulations and incentives
- a specific innovation function to coordinate and deliver submissions to innovation and challenge funds
- security and crime prevention, including an annual audit of security measures and working with relevant government parties
- monitoring and reporting to MHCLG on delivering our strategy, including data collection on economic performance
- executing the strategy agreed by the Supervisory Board under delegated powers. It will be responsible for submitting regular reports to Government.

Freeport East Ltd

It is proposed that Freeport East adopt a formal corporate structure as a company limited by guarantee (FPE) with a membership restricted to those entities that sit on the Supervisory Board of Freeport East. These members have a remit to support the local business community and lead on projects aligned to the Freeport policy objectives so are best placed to ensure Freeport East delivers the outcomes and outputs expected. An annual open forum will be held to engage with all stakeholders and ensure the project receives the widest support for its success.

To further explore the functions of the Freeport East Company Limited by Guarantee (FECLG) the following activity/delivery/responsibility table was developed to clearly define the proposed workings of the body:

1. **Objectives**

   Setting out a vision and clear objectives for the FECLG will be necessary. A strategic business plan will need to be approved by partners and delivered by the FECLG.

Activity	Delivery	Responsibility
Skills, Innovation, Net Zero, Trade & Investment, Regeneration / Levelling up	Development of plans aligning to partner strategies, project proposals and securing funding via subgroups	FECLG
Ensuring delivery and development of tax and custom sites	Agreements with landowners, monitoring and determining actions to resolve if needed	FECLG
Ensuring Freeport East business occupiers comply with policy objectives	Agreements, regular reviews, data sharing	FECLG
Reporting, monitoring and evaluating performance	Compliance with stakeholder needs, especially with Government and ESC as the lead authority	FECLG

2. **Powers and decision making**

Activity	Delivery	Responsibility
Determining project proposals	Sub groups putting forward proposals, refined by management board	FECLG / FECLG subcommittee members
Determining Pot C retained rates spend projects	Freeport East supervisory board (FECLG company board)	FECLG and actioned by ESC.

Determining suitability of end occupiers for rates relief	Recommendation from Freeport East supervisory board (FECLG company board) following assessment by management board	FECLG, final agreement by the billing authority on reliefs. Decisions on site occupiers would ultimately sit with the landowner
Holding and transferring retained rates funding and seed funding	Determining funding, undertaking monitoring and assurances	East Suffolk Council undertaking activity, FECLG supporting, monitoring, and reporting
Employment and remuneration	Setting salaries, recruiting, advertising	FECLG
HR, Finance, Legal, Procurement	Provided / commissioned by lead authority, paid for via Freeport East	FECLG
Determining punitive measures on site owners if agreements not met	Reducing Seed Funding, retained rates spend on projects	FECLG alongside East Suffolk Council, potential for further measures by government
Governance	Appointing chair, members, chief exec and delivery team appointments.	FECLG with the consent of the partner organisations.
Governance	Hosting, minuting and publicising supervisory board, subgroups and management board meetings and decisions	FECLG

3. Sites and infrastructure

Activity	Delivery	Responsibility
Managing Tax and custom sites	Site specific agreements	Landowners
Monitoring site infrastructure progress	Account management of site owners	FECLG
Supporting tax site owners in development of plans to draw down Pot B funding to be agreed by the rate retaining authority and relevant partners	Preparation of templates, review of proposals against objectives, supporting development and public sector processes	FECLG

4. Finance, investment and assets

Activity	Delivery	Finance flow	Responsibility
Direct Revenue funding	Payroll, subsistence, travel, overheads, office lease, marketing	Capacity funding then top slicing of retained rates from ESC to FECLG	FECLG
Capital funding	Advising and assisting Pot B asks from site owners to relevant rate authorities, ensuring freeport policy alignment	Billing authorities to tax site owners or other arrangements as agreed	Billing Authorities supported by Freeport East
Capital Funding agreements	Seed funding agreements and Pot B business rate allocations	Billing authorities to tax site owners or other arrangements as agreed	Relevant local authority holding funding

Revenue funding for wider projects	Proposals agreed via supervisory board. Fund actioned by East Suffolk Council	ESC to FECLG or other parties as agreed, FECLG provide oversight	FECLG
Capital funding for wider projects	Proposals agreed via supervisory board. Fund actioned by East Suffolk Council	ESC to FECLG or other parties as agreed, FECLG provide oversight	FECLG
Asset ownership	Potential need as policy objectives are explored	ESC to FECLG or other parties as agreed, FECLG provide oversight	FECLG

5. Custom sites

Activity	Delivery	Responsibility
Application for custom site operator	Process managed by HMG	Site owners in collaboration with applicants
Controlling movement of goods	Record keeping and reporting	Custom site operators
Site security	Capital spends, reporting and investment	Custom site owners
Forming, agreeing, and updating data sharing agreements and monitoring processes between the occupiers, owners and operators of customs sites.	Regular review and reporting	FECLG

Tax sites

Activity	Delivery	Responsibility
Reporting to Governmental teams around performance	Regular review and reporting with site owners	FECLG
Forming, agreeing, and updating data sharing agreements and monitoring processes between the occupiers, owners and operators of the tax sites.	Regular review and reporting	FECLG
Determining end occupiers	Advice from Freeport East delivery team around policy priories and impact on funding	Site owners

6. Contracts and procurement

Activity	Delivery	Responsibility
Procurement of delivery services aligned to freeport policy objectives	Issuing of invitation to quotes, tenders and issuing contracts	FECLG

7. Regional and economic growth

Activity	Delivery	Responsibility
Partnership boards	Managing, inviting, and consulting with economic stakeholders	FECLG
Support programmes for any of the Freeport policy objectives	Project managing, commissioning, contract management, monitoring and reporting	FECLG

8. Marketing, communications, and investment

Activity	Delivery	Responsibility
Promotion of Freeport support offer	Account management of direct business relationships	FECLG
Promotion of the investment offer of Freeport East	Websites, trade adverts, exhibitions	FECLG
Supporting investor enquiries into Freeport East	Coordinating information requests and presenting the competitive offer	FECLG

Freeport East is part of a wider regeneration and levelling up initiative that is supported by New Anglia LEP, South East LEP, Suffolk Council, Essex Council, East Suffolk Council, Tendring Council and Mid Suffolk Council that will complement the projected priority areas through:

- East Suffolk Economic Development and regeneration team, including a Funding team (3 staff), Economic Regeneration team (10 staff), Economic Development (6 staff) and programmes and partnerships (2 staff). The team includes specialist leads in net zero energy, skills and innovation which are specifically applicable to the Freeport East policy objectives. In addition, ESC has the East Suffolk Means Business website which provides comprehensive information on all business support available including assistance for inward investors.
- Mid Suffolk Economic Development and Regeneration Team (20 staff) covering specialist areas including skills, funding, regeneration and capital projects, low carbon project management, project support, town centres, sustainable travel, business support, sector development, Inward Investment and Innovation., The Authority's comms team are also heavily involved in supporting the promotion of the Freeport programme. In addition, the G14 Board will also be working on bringing forward the site in alignment with the Freeport and negotiating with potential occupiers.
- Tendring District Council's Economic Growth Services Team (5 staff), alongside our contracted business advice service provider Colbea, has developed a free Tendring4Growth Business Updates Service to help businesses in the area take advantage of the latest advice and support available including: grants and funding; workshops and training; networking events; and business growth support.
- Essex County Council has over 20 permanent staff across economic growth and regeneration, covering growth sectors, business support, skills, economic infrastructure and locality regeneration. This resource is county wide, but includes

work in Tendring (Jaywick Sands, Clacton and Harwich and Dovercourt/North Essex).

- The projects covered by the Economic Growth and Localities service are across the county and wide ranging in nature, but in Tendring currently includes:
    - Support for skills interventions across the district, including engagement with local providers such as Colchester Institute, and with the Tendring Education Strategic Board
    - Specific involvement of officers in Freeport and related work in North Essex, including socio-economic work to feed into discussions around investment requirements, skills discussions and engagement as part of the Freeport partnership
    - Support for Tendring District Council in the development of Levelling Up Fund and other regeneration proposals for Harwich and Clacton.
- Skills: Both SELEP and NALEP have dedicated skills staff totalling 3 FTE's delivering the sector skills plans for the area as well as co-ordinating apprentices, schools and college engagement, enterprise advisors and many other interventions as part of the skills plans
- Innovation: Both SELEP and NALEP have innovation staff totalling 3 FTE's, supporting innovation initiatives around business hubs, collaboration, knowledge transfer partnerships and developing funding initiatives
- Clean Growth/ Net Zero: Both SELEP and NALEP have commitments to supporting net zero and both have a dedicated staff member co-ordinating clean growth group to develop initiatives that will achieve the net zero pledge.
- Security: the port police, customs agency and local police force have dedicated resources to support the growth of the Freeport and ensure measures are met for the Freeport
- Commercial/Inward Investment: Both NALEP and Essex have inward investment teams totalling 5FTEs with ambitions to grow the team further in Essex. Working with DIT, bidding for opportunity awareness through government, engaging on trade and investment exhibitions and events, developing the commercial offer for both areas.

In addition, there is wider support from Hutchison Ports and both Chambers of Commerce, Sector groups / networks, Universities, and opportunities to engage with business centres to develop wider supply chain opportunities and collaborations.

6a. Stakeholder management and communications

Local strategic stakeholders

For Freeport East this includes but is not limited to:

- Local Authorities: Tendring, East Suffolk, Mid Suffolk, Essex and Suffolk
- Local Enterprise Partnerships: New Anglia and South East LEPs
- DIT regional leads
- Chambers of Commerce, Essex and Suffolk

These partners will be engaged via the management and supervisory board as part of Freeport East and those with a remit for any of the sub-groups will be invited to send representatives to support the development of projects and ensure co-ordination between aligned initiatives to achieve the wider freeport objectives.

Local innovation stakeholders

Within Freeport East there will be an innovation sub-group that brings together those direct stakeholders associated to Freeport East who have an innovation remit. Depending on the focus of the innovation workstream membership will be adaptive and organisations will be given ample notification to provide representees. Including but not limited to:

- BT at Adastral Park, the premier R&D centre in the East of England
- Innovation Martlesham, the largest tech incubator of its kind in the country
- Gateway 14 Ltd, linking with emerging innovation cluster plans
- University of Cambridge
- Tech East
- University of Suffolk
- Anglia Ruskin University, in collaboration with the University of Liverpool
- Ryse Energy
- Hydrogen East
- Galloper Wind Farm
- ORE Catapult
- Energy Systems Catapult
- Sizewell EDF
- Three UK
- Hethel Innovation
- Cambridge Norwich Tech Hub
- University of Essex (nationally recognised Institute for Analytics and Data Science).
- University of Birmingham and Aston University, further cementing our relationship with the West Midlands
- Cranfield University
- Brunel University London
- University of East Anglia
- University of Suffolk
- Norwich University of the Arts
- Colchester Institute
- East Coast College
- City College, Norwich
- College of West Anglia
- West Suffolk College
- Suffolk New College

Using the freeport status as a magnet for attracting specialised activity, Freeport East will link great ideas, start-ups and academic institutions with the industry expertise to make them a reality.

Through the Innovation Subgroup and the Management Board Freeport East will target innovation funding from:

1. Innovate UK funding – through the University of Essex the region is strong on Knowledge Transfer Partnership IUK funding. IUK funding is usually targeted at

SME's and provides something like a 70% intervention rate and helping SMEs through this process is really important to increase our local adoption rate of funding.
2. Research Council funding for the HEI's in the specific areas of research we are seeking to specialise in (eg, construction, energy and agri-tech). Digitalisation is an underpinning piece of infrastructure to the sectors so will feature in all of them for funding.
3. Any innovation support funding ringfenced/targeted to Freeports.
4. Venture capital funds to come out to Freeport East. These would be funds who are specifically interested in the innovation sectors we are targeting to help get innovations off the ground.
5. We would also seek to grow the angel funding that exists in the NALEP area and around the University of Essex to support the innovative start-ups linked to Freeport East.
6. Funding to create a Proof of Concept fund for innovators who are focused on our areas and who will be linked up with our key HEIs to take their businesses forward – whether that's the business faculties or the science faculties. This could also be linked to key innovation centres in the area.
7. HEI's who run innovation voucher schemes as well.
8. Sunrise Coast (under Future Clean Energy Tech)
9. Commercialising Quantum Technologies, to be applied to work aligning with the driverless vehicle pilot programme
10. Smart Grants through the Innovate UK competition programme

In addition to these funding streams, discussions have been had with energy-based venture capital funds. Whilst the details of these are for finalisation once designation is received, the keen interest in Freeport East demonstrates the potential of the proposals. This will build upon existing relationships and will reinforce the Freeport East vision of promoting innovation in the local area, aligning with the Economic strategies and Local Industrial Strategies of NALEP and SELEP in providing tangible examples of the enhancement of local R&D capabilities.

Local political stakeholders (including MPs).

Political stakeholders will be engaged via the Supervisory board, with the Freeport Delivery Team managing responses and supporting engagement activities.

Local security stakeholders (including the police, Border Force, and HMRC).

The Security Sub-group arrangement will be dictated by the outcome of the security and illicit activity risk assessment and will be relevant, appropriate, and proportionate to the additional Freeport-specific risks identified that are not mitigated through existing port and trade related risk-control measures.

Members of the Security Committee will be drawn from the following organisations as necessary:

- Freeport East
- Essex/Suffolk police forces
- Port of Felixstowe Police
- Counter Terrorism policing
- Representatives of Tax and Customs site operators
- National Crime Agency
- Border Force
- Others nominated by the Freeport operator and as necessary

Local education and skills providers (FECs, HEIs and skills provider base)

Quarterly meetings of skills and education stakeholders would be held to inform the quarterly Supervisory Board of progress in delivering against agreed targets, with an annual conference to showcase best practice and achievements.
A lead partner from the Board will attend both SELEP and NALEP Skills Advisory Panels to represent the partnership and ensure strong integration with stakeholders outside the immediate Freeport East geography.
Mapping of existing skills and education partnership meetings is underway to ensure that there is no duplication of effort and all partners have signed up to Freeport East vision and objectives.

The skills partnership includes: University of Suffolk, University of Essex, SELEP, NALEP, ECC, SCC, Suffolk Chamber, Essex Chamber, Colchester Institute, Suffolk New College, West Suffolk College, DWP, FSB/CBI, Training provider network, Essex Provider Network, Local Authorities and Haven Gateway Partnership.

6b. Building local expertise

Retained rates will be the primary mechanism with costs recouped as the rates are returned. The provision would be for a contribution in the medium to long term to the operating costs of the Freeport East Limited organisation to replace short term DLUHC funding during the first three (3) years. However, there may need to be a consideration from the site owners in providing direct revenue funding in return for providing the overarching Freeport East management service, however this would inevitably impact rents or service charges and no action would be taken that jeopardises commercial viability of the tax or custom sites.

7. Risk management

We will manage risks using the principles of regular risk identification, analysis and control. This will not preclude risk taking. Risks relating to innovation, such as the Harwich Green Energy Hub, will be encouraged if appropriately managed. The Freeport Management Board will be responsible for the risk management framework. The following high-level risk register covers key risks and mitigations:

Tax and customs sites could be delayed. Sites have been selected specifically for their deliverability within tight timescales. The Freeport East partners have extensive experience in delivering major infrastructure projects.

Freeport East is cross-boundary, increasing complexity of governance and decision-making. Cross- boundary partnerships exist and work well, facilitated by the relevant LEPs and the Haven Gateway Partnership. The governance structure includes parties from across boundaries.

Local buy-in is crucial. We propose an ongoing programme for local communication, including a Freeport East website hosted online community.

Distribution of retained business rates is crucial. We propose a simple mechanism based on tax site location.

Economic benefits must not simply be displacement from other regions. We propose careful targeting of industry-sector activity that represents economic ‘additionality’ and the majority of displacement will be from outside of the UK.

Diversification of trade is key. Our marketing efforts will target investment propositions towards sectors in East Asia focussing on renewable energy and advanced/digital technologies.

8. Security and illicit activity

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, DHULC, Home Office, HMRC and other relevant agencies. Appropriate measures will be established to ensure the physical site and the systems utilised within are kept secure.

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, including at the Port of Felixstowe which in 2014 became the first port in the UK to receive Authorised Economic Operator (AEO) status. Additionally, the Port of Felixstowe 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 the 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 at 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.

Building upon this police presence, the Port of Felixstowe is a designated Operator of 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 works closely with the National Cyber Security Centre (NCSC) and partakes actively in the Maritime Information Exchange run by the NCSC. As active partners in Freeport East, the experience and expertise acquired will be used to benefit Freeport East.

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 Port of Felixstowe 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 Harwich, along with the tax and customs sites proposed as part of Freeport East.

Inventory-linking software for Customs sites will be provided by MCP plc in which Freeport East partner, Hutchison Ports, is the largest shareholder. MCP operates Destin8, the market leading inventory control software for ports and, subject to further clarification of requirements by HMRC, Destin8 will be further developed to provide controlled access to the necessary data.

The Security Sub-group arrangement will be dictated by the outcome of the security and illicit activity risk assessment and will be relevant, appropriate, and proportionate to the additional Freeport-specific risks identified that are not mitigated through existing port and trade related risk-control measures.

Freeport East commits that the governing body and all customs site operators will honour the obligations set out in the OECD Code of Conduct for Clean Free Trade Zones and the UK's Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

Individual tax and customs site operators and tenants will have ultimate responsibility for the sites they operate. However, they will receive advice and guidance from the Freeport Security Committee giving them access to a much wider range of security-related knowledge and experience. The Security Committee will be guided by best practice including the Insider Risk Mitigation Framework published by the Centre for the Protection of National Infrastructure. The security status and risks of each site will be subject to regular review through Freeport Security group meetings.

The Security risk is further mitigated through there being no Temporary Storage sites at Freeport East. As a result, all goods entering Freeport sites, which could have entered the UK at any port, not just those that are partners in Freeport East, will have already been declared to Customs and undergone similar risking checks to those entering free circulation.

Notwithstanding this, any Customs sites will need to go through the designation process and be able to demonstrate security to AEO(S) standard and any Freeport business using simplified Customs procedures will also require specific HMRC approval.

The combination of these existing measures will provide significantly greater levels of security at Freeport sites than would apply to normal import traffic.

9. Monitoring and Evaluation

Monitoring and evaluation is a core component of Freeport East's function and has been designed into every aspect of its delivery. The monitoring and evaluation resources are assigned and delivered by the following at the appropriate levels:

Occupiers of the tax and custom sites:

- FREN advisor role in the capacity of the business support and account management function
- End occupiers are onboarded into Freeport sites on the expectation that they engage and report on specific areas to receive benefits, securing data sharing agreements.

Freeport Site owners

- Freeport Project management roles, as part of the role in supporting development sites in securing funding, drawing in occupiers, and maintaining relationships
- Site specific agreements will detail the nature and frequency of reporting, and will be the basis for data sharing agreements

Billing authorities

- Freeport project management roles in the function on advising decisions taken by the board in respect of rate relief to potential occupiers of the tax sites, supporting the collection of data pertaining to reliefs and other economic indicators
- MOUs as part of the Freeport programme will be the basis for the data sharing agreements

Accountable body

- Compliance role within Freeport East delivery team will relay data to the accountable body, East Suffolk Council. Supporting their lead officer for the Freeport in their reporting obligations as part of the final Freeport agreement, which in turn will inform any data sharing agreements required.

The roles required are planned into the resourcing demands of the Freeport delivery team and will support the local authorities and stakeholders in providing any information required from the Monitoring and Evaluation guidance when issued.

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