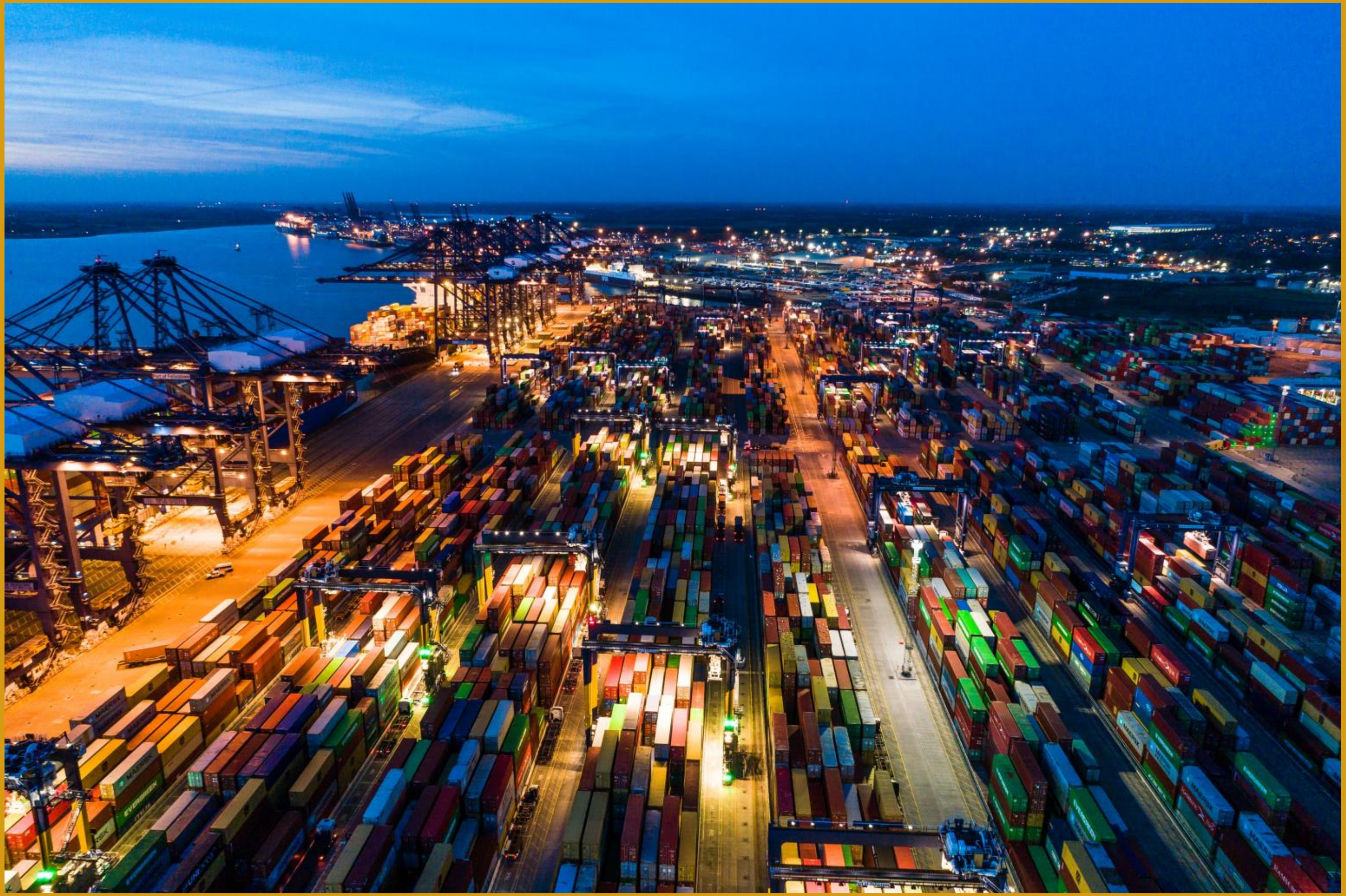
FREEPORT EAST ANNUAL REPORT 2023-2024



FREEPORT EAST | FELIXSTOWE GATEWAY 14 HARWICH
A GLOBAL FREEPORT FOR A GLOBAL BRITAIN

Purpose of this document

This is the first Annual Report produced by Freeport East Ltd.

It covers the period from December 2022 through to end of March 2024.

This was a period in which all UK Freeports were being set up and established with a heavy emphasis on internal activities to put in place effective governance and delivery structures.

Our Annual Report is designed to give a high-level summary of the types of activities being undertaken in the relevant period, including some of the early developments in relation to delivering infrastructure projects, attracting new inward investment and pursuing some of our ambitions around net zero, skills and innovation. In future years we expect the content of the Annual Report to grow as Freeport East is fully established, and the volume of developments to report on, increases.

Freeport East Ltd also publishes an Annual Business Plan and Work Programme. Our Business Plan and Work Programme for 2024/25 can be found on our website under the Governance tab. Current information and news on all our activities can also be found on our website.

If you have any comments on our Annual Report, please let us know at enquiries@freeporteast.co.uk

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1.0 INTRODUCTION

Freeport East is one of 12 Freeports across the UK. It is designed to be a hub for global trade and local regeneration as well as creating a hotbed for innovation that will have an impact across the UK.

Using supportive mechanisms provided by Government, we bring together ports, Universities, innovation centres, research institutes, innovative SMEs, major international investors and local Government to deliver sustainable economic growth in our area.

Covering Britain's busiest container port at Felixstowe, together with other ports, business parks, Universities and centres of innovation, Freeport East aims to create 13,500 new jobs and generate a Gross Value Added (GVA) of £5.5 billion over 10 years.

Our aim is to work with ambitious UK and international businesses looking to grow their footprint in the UK, whilst ensuring that the opportunities of economic growth are extended to all our local communities.

2.0 OUR VISION

Freeport East aspires to be the UK's leading centre for trade, green energy and innovation.

A Global Freeport for a Global Britain.

3.0 COMPANY OVERVIEW

Freeport East Ltd is a Company Limited by Guarantee which was incorporated on 6 December 2022.

We have nine founding members; including the Port of Felixstowe, Gateway 14 Ltd, Harwich International Port, University of Essex, Essex County Council, Suffolk County Council, East Suffolk Council, Tendring District Council and Mid Suffolk District Council.

Our company does not own any assets, such as land, buildings or port infrastructure, but we work in partnership with landowners, developers, port operators, Universities, education providers and other local stakeholders to deliver on the aspirations of Freeport East.

We operate on behalf of Government to ensure the objectives of the freeport policy are adhered to and any related public funds are managed efficiently and effectively.

Freeport East is staffed by a small number of employees and is supported by a range of other partners for various delivery activities. Through the course of this Annual Report period we grew to having a total staff complement of 5 FTE.

East Suffolk Council acts as our Accountable Body.

4.0 DELIVERY PRIORITIES FOR 2023/24

We identified the following four priority work areas for 2023-24:

Priority 1 (P1)
Establish Freeport East Ltd

Priority 2 (P2)
Establish and deliver an ambitious vision for Freeport East

Priority 3 (P3)
Deliver Investment

Priority 4 (P4)
make the most of our Visibility and Voice

The following slides provide a high-level snapshot of our achievements against these priorities in our first year.

5.1 P1 – ESTABLISH FREEPORT EAST LTD

- Company Incorporated on 6 December 2022
- Head Office set up in Harwich
- Freeport East Full Business Case approved by Government in January 2023
- Company Articles of Association agreed and published
- CEO and Chair appointed through open, public recruitment exercises. Further appointments of key members of the Executive team also made
- Governance frameworks and key operating policies developed and implemented
- Memorandum of Understanding between Freeport East and Government agreed and published

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5.2 P2 - DELIVER AN AMBITIOUS VISION

Green Hydrogen Hub published report

CGI image of Bathside Bay, Harwich

- Set out plans to deliver the 122 hectare Bathside Bay port expansion project, with potential to bring thousands of jobs and a key asset to support the UK's offshore wind objectives
- Rapidly established Gateway 14 as a key inward investment destination in East Anglia and a driver of local growth.
- Worked with local authorities and skills partners to establish blueprint for a new Skills & Innovation Centre in Stowmarket.
- Established our vision for developing an internationally-significant Green Hydrogen Hub, leveraging our location as part of the wider East of England clean energy cluster
- Set out plans for Harwich to act as a nationally-significant hub for clean energy and maritime innovation and productivity

5.3 P3 – DELIVER INVESTMENT

- First new occupier for Gateway 14 announced - The Range with a £200m investment and set to create 1650 jobs.

- Plans announced for a new £150m Scottish Power green hydrogen facility at the Port of Felixstowe.

- Two further investments approved for Gateway 14 – Bauder from Germany and Assan Panel from Türkiye.

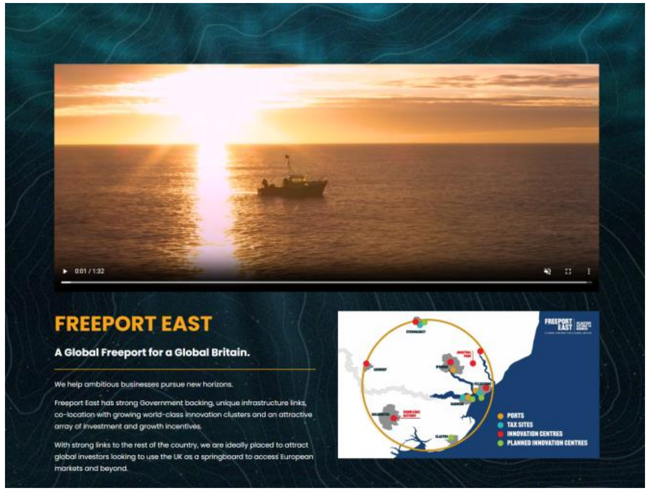
- A strategic partnership signed to support Rux Energy, from Australia, in establishing their novel hydrogen storage technology in the UK.

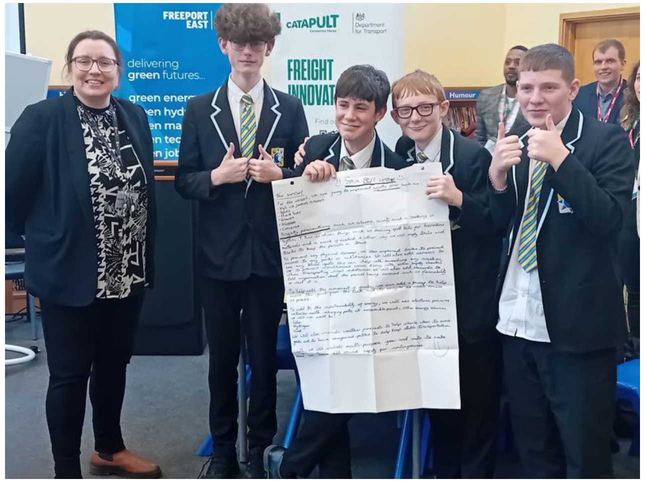
- Launched our first business support programme, designed to allocate £1million in grant funding to local businesses through our Innovation & Skills and Clean Growth Funds.

- Spread the word internationally – for example, we joined a clean energy trade mission to Türkiye, highlighting opportunities to increase trade and investment with the Freeport East region.

Images: Top: Gateway 14 Development site
Middle: Signing of Memorandum of Understanding with Rux Energy
Bottom: Freeport East presenting at clean energy trade mission to Türkiye

5.4 P4 - MAKE THE MOST OF OUR VISIBILITY AND VOICE





- Worked with partners to push for key Government investments in the region, most notably new rail enhancements at Ely & Haughley Junction.
- Held two Freeport East launch events - in Westminster and at New Suffolk College in Ipswich.
- Kicked off our engagement with young people with a successful Freight & Logistics hackathon event at the Clacton Coastal Academy.
- Launched our new website to promote Freeport East.
- Launched our series of business engagement seminars to raise our profile amongst local businesses and target sectors.
- Attended and spoke at numerous briefings and engagements with Ministers, MPs, local councillors, chambers of commerce, conservation groups, businesses and skills providers.

Images: Top: Launch event at Suffolk New College in Ipswich
Left: Freeport East website
Right: Clacton Coastal Academy event

6.0 DETAILED DELIVERY

The following slides provide further detail against delivery of our four key priorities

6.1 P1: ESTABLISH FREEPORT EAST LTD

HIGH LEVEL OUTCOME

- Freeport East Ltd is set up to be and recognised as a high-performing, well-respected and productive organisation that builds strong collaborative partnerships with a range of organisations.
- Freeport East is considered as a leader amongst UK freeports and deploys models of delivery that are used as templates by others.

BACKGROUND

- Freeport East Ltd was incorporated as a company limited by guarantee in December 2022. It has an effective Board of Directors with an Independent Chair. It has an established relationship with East Suffolk Council as the Accountable Body. As the lead counterpart to Government and a platform for local partnerships it is central to successful delivery of the Freeport East vision.

What we said we would do:	What we delivered in 2023/24
Establish Freeport East Ltd as an organisation which is: • A trusted custodian of public funds and commercial information • A trusted, open, innovative partner • Attractive employer • Well-run and governed	• Articles of Association and Members Agreement in place and published on our new website. • Put in place robust governance mechanisms, together with a suite of policies and processes for Freeport East Ltd and implemented an effective process for identifying and mitigating risks. • Created a Finance and Audit Committee, a sub-committee of the Supervisory Board, to oversee the company's finances and ensure effective processes are in place for managing these, along with establishing agreed financial protocols and delegations. • Developed and implemented governance arrangements with our tax site owners and occupiers. • Implemented effective Monitoring and Evaluation arrangements to ensure Freeport East delivers against its objectives. • Developed strong connections and collaborations with other UK freeports to maximise collective benefits for the UK.

6.2 P2: DELIVER AN AMBITIOUS VISION

HIGH LEVEL OUTCOME

- Deliver an ambitious yet coherent and focused vision and strategy for Freeport East that is widely communicated and understood, and builds momentum, interest and opportunities for our economic area, whilst complementing other programmes and initiatives already underway across the wider freeport area.

BACKGROUND

- Our proposals to government provide the basis for a more widely communicated vision and strategy. Our emergent work on a Green Hydrogen Hub have demonstrated the value of our platform and positioning to build productive and collaborative partnerships to deliver.

What we said we would do:	What we delivered in 2023/24:
Establish and deliver on an ambitious vision for Freeport East and primary areas of focus	• Established plans for delivery of the Bathside Bay offshore wind port expansion project • Published our vision for a Green Hydrogen Hub and a study on Freeport East as a key centre for driving transport decarbonisation and maritime green corridors. • Outlined opportunities to utilise green corridors to strengthen Freeport East's strategic significance in the transport sector • Established links with several overseas Embassy posts and exploring priorities for deeper engagement. • Created sub-groups for Skills and Transport with our partners, to coordinate skills activity and identify transport priorities across the freeport and the wider area. • Extensive links being built amongst innovation centres/players as the basis for future development of a Freeport East innovation strategy. • Delivered the Harwich Innovation Cluster study with Tendring District Council and University of Essex.

6.3 P3: DELIVER INVESTMENT

HIGH LEVEL OUTCOME

- Demonstrable progress on delivering of each of the three tax sites including infrastructure works and new inward investment;
- A pipeline and delivery plan for wider investment priorities to deliver on Freeport East vision and how retained business rate model and other funding sources can be utilised to support their delivery

BACKGROUND

- In 2020/21, following final approvals and agreements from Government, we now have mandate to progress seed capital delivery and strengthen marketing of all our site opportunities, through our own mechanisms and in partnership with the Department for Business & Trade.

What we said we would do:	What we delivered in 2023/24
Implement effective mechanisms for planning and delivery of investments across the Freeport and wider area.	• Initial infrastructure works completed at Gateway 14, Stowmarket. Construction completed for our first occupier on Gateway 14 - with a £200m investment from The Range. Further investments from Assan Panel and Bauder secured, and plans progressed for Skills & Innovation Centre. • Developed cross-functional collaborations to secure innovation funding and enable local companies to expand into new market sectors. Secured £3m with group of partners to explore green hydrogen technology for ports and shipping. • Developed and launched a £1 million business support programme to boost green energy, skills and innovation across the region. • Agreed a Business Rates Strategy and framework with our partners for managing retained business rates across our tax sites. • Secured a strategic partnership with Rux Energy to help them establish their hydrogen storage technology in the UK • Established our inward investment strategy with prioritised sectors and markets

6.4 P4: MAKE THE MOST OF OUR VISIBILITY & VOICE

HIGH LEVEL OUTCOME

- Awareness of Freeport East has increased across a range of stakeholder groups that provide basis for investment and partnership opportunities and ensure strong local buy-in
- Freeport East speaks as a strong and respected voice, alongside and in support of key partners to make the case for investment in our area and to build high-value private and public sector partnerships

BACKGROUND

- In 20/21, following final approvals we started the process of building awareness through increase social media activity, onboarding of specialist comms & marketing resources and initial successful events and external engagement (such as Westminster launch and Green Hydrogen events)

What we said we would do:	What we delivered in 2023/24:
Increase our visibility and voice across the region and internationally	• Hosted two successful Freeport East launch events both in Westminster and Ipswich. • Worked closely with local partners such as Transport East, local authorities and Chambers of Commerce to make the case for key infrastructure investments, most notably to increase rail network capacity at at Ely/Haughley Junction. • Developed and launched a new website and social media channels to enable the freeport to effectively communicate with its stakeholders, potential investors and partners. • Led a series of business networking events across the region to raise awareness of the freeport, its vision and to forge new partnerships. • Hosted a range of ministerial and government visits to Freeport East and attended wide range of other events to engage at national and local levels with politicians, businesses, education providers and communities.

7.0 OUR BOARD

From left to right: Cllr Richard Smith, Suffolk County Council; Cllr David Beavan, East Suffolk Council;
Rob Singh, University of Essex; Andrew Lawrence, Port of Felixstowe; Clemence Cheng, Harwich International Port;
Lesley Wagland, Essex County Council; Mark Lemmon, Chair; Cllr Ivan Henderson, Tendring District Council;
Sir Chris Haworth Bt, Gateway 14; Cllr Rachel Eburne, Mid Suffolk Council; Steve Beel, Chief Executive Officer

8.0 GOVERNANCE

Our Supervisory Board sets the strategic direction of Freeport East and approves the Company's strategic decisions, including setting our annual operational budget, business plan and longer-term strategy.

Our Board also retains responsibility for risk and performance.

Our Board's membership includes a nominated director from each of our 9 members, an independent chair and the CEO of Freeport East Ltd.

We have a Members Agreement in place which sets out the arrangements and membership of the Supervisory Board and how Board meetings should be managed.

9.0 COMPANY ACCOUNTS

The following slides provide detail of our Company Accounts for the period ending 31 March 2024

9.1 Income and Expenditure Account

For the period ending 31 March 2024

	£
Turnover	0
Cost of Sales	0
Gross Profit	0
Administrative Expenses	-875,288
Other Income	869,768
Operating deficit	-5,520
Interest payable and similar charges	0
Other Interest Receivable and similar income	11,114
Surplus on ordinary activities	5,594

The income and expenditure account has been prepared on the basis that all operations are continuing operations.

9.2 Balance Sheet as at 31 March 2024

	£	£
Fixed Assets		0
Tangible Assets		0
Current Assets		
Debtors	1,328	
Cash at bank and in hand	336,283	
	337,611	
Creditors: amounts falling due within a year	-332,017	
Net current assets		5,594
Total assets less current liabilities		5,594
Provisions for liabilities and charges		0
Net assets		5,594
Capital and reserves		
Called up share capital		0
Profit and loss account		5,594
Shareholders' funds		5,594