

Public Document Pack



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PUBLIC

To: Members of D2 Joint Committee For Economic Prosperity

Wednesday, 25 November 2020

Dear Councillor,

Please attend a meeting of the **D2 Joint Committee For Economic Prosperity** to be held at **2.30 pm** on **Thursday, 3 December 2020**. This meeting will be held virtually. As a member of the public you can view the virtual meeting via the County Council's website. The website will provide details of how to access the meeting, the agenda for which is set out below.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'S Hobbs', written over a white background.

Simon Hobbs
Director of Legal and Democratic Services

A G E N D A

PART I - NON-EXEMPT ITEMS

1. Apologies for Absence

To receive apologies for absence (if any)

2. Declarations of Interest

To receive declarations of interest (if any)

3. Minutes (Pages 1 - 6)

To confirm the non-exempt minutes of the meeting of the Derby and Derbyshire Joint Committee for Economic Prosperity held on 29 September 2020

Midlands Engine

4. Midlands Connect/Transport for East Midlands - verbal update

D2N2

5. LEP update: Freeports proposals and implications for local authorities (Pages 7 - 58)

D2

6. Implementing Derbyshire Recovery Strategy update on Proposed Strategic Growth and Infrastructure Framework
7. Date of Next Meeting
8. Exclusion of the Public

To move “That under Regulation 21 (1)(b) of the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000, the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in Paragraph(s)... of Part 1 of Schedule 12A to the Local Government Act 1972”

PART II - EXEMPT ITEMS

9. Declarations of Interest

To receive declarations of interest (if any)

10. Vision Derbyshire Economic Development Pilot: Business Start-Up and Business Support Grant Scheme
11. Developing strategic mobility and energy infrastructure in Derby and Derbyshire

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Agenda Item 3

MINUTES of a meeting of the **D2 JOINT COMMITTEE FOR ECONOMIC PROSPERITY** held on 29 September 2020 at County Hall, Matlock

PRESENT

Councillor B Lewis
(in the Chair)

<u>Amber Valley Borough Council</u>	<u>Erewash Borough Council</u>
Councillor C Emmas – Williams	Councillor C A Hart
<u>Bolsover District Council</u>	<u>North East Derbyshire District Council</u>
Councillor S Fritchley	Councillor C Renwick
<u>Chesterfield Borough Council</u>	<u>South Derbyshire District Council</u>
Councillor P Gilby	Councillor M Ford
<u>Derby City Council</u>	
Councillor C Poulter	
<u>Derbyshire County Council</u>	
Councillor B Lewis	

Also in Attendance –

Amber Valley Borough Council – J Townsend.
 Bolsover District Council – G Galloway.
 Chesterfield Borough Council – H Bowen and E Williams.
 D2N2 LEP – W Morlidge.
 Derbyshire County Council – E Alexander, D Arnold and J Battye.
 Derbyshire Dales District Council – P Wilson.
 Erewash Borough Council – J Jaroszek.
 East Midlands Councils/Transport for the Midlands - A Pritchard.
 High Peak Borough Council – A Stokes.
 South Derbyshire District Council – F McArdle.

Apologies for absence were submitted on behalf of Councillor A Dale (North East Derbyshire District Council), Councillor A McKeown (High Peak Borough Council) and Councillor G Purdy (Derbyshire Dales District Council).

21/20 **DECLARATIONS OF INTEREST** There were no declarations of interest.

22/20 **MINUTES RESOLVED** that the Minutes of the meeting of the Committee held on 31 July 2020 be confirmed as a correct record.

23/20 **MIDLANDS CONNECT/TRANSPORT FOR THE EAST**

MIDLANDS: UPDATE Andrew Pritchard reported that from a Midlands Connect perspective, the focus had been on getting the CSR asks into Government which included the rapid delivery of existing prioritised schemes such as the Chesterfield – Staveley Regeneration Route. The exact timing of the Comprehensive Spending Review was not yet known. A lot of information had been provided to Government and Midlands Connect colleagues were working with MPs to raise the profile of the region’s ‘asks’.

In terms of Midlands Engine activity, work around the Development Corporation continued to progress with good engagement with officials and interest remained from the senior Government Ministers. Clearly, issues around the Integrated Rail Plan (IRP) and the future of HS2 were key to this work. There had been good engagement with the National Infrastructure Commission and two very positive meetings had been held between Ministers and local elected leaders. It was understood that the Government was still minded to publish the IRP by the end of the calendar year and this would be crucial in unlocking a lot of other issues around HS2 and some of the wider asks around rail investment.

With regards to Transport for the East Midlands, work was being undertaken with Midlands Connect to push forward priorities including the Chesterfield – Staveley Regeneration Route and also the Midland Mainline electrification.

Councillor Gilby reported that the meetings with Andrew Stevenson had been very positive and it was pleasing that a united front had been shown from the East Midlands. Despite all the work that was being undertaken, it still felt as if the East Midlands was having to “campaign” to get things agreed. With this in mind, another campaign, “Mind the Gap”, had recently been launched for which support of local leaders was being sought.

RESOLVED to note the report.

24/20 **UPDATE ON THE ECONOMIC RECOVERY STRATEGY** Joe Battye gave a presentation on the current position regarding completion of the Economic Recovery Strategy. A final draft version would be circulated to members of the Committee as soon as possible for sign off.

It was essential that the Strategy highlighted the economic offer to UK PLC and narrated Derbyshire’s USP. Key principles linked to ‘build back better’ and tackling climate change were to form the bedrock of the Strategy which essentially would be promoting ‘good growth’, increased productivity, place,

people, mobility, connectivity and energy as core themes. Further details of each of these were presented at the meeting.

Six months on from the start of Covid, it was noted we had delivered a vast amount of support to people, places and businesses through the 'rescue and resume' phases of the recovery journey and that we were now entering the 'revive' stage. Details of the key elements of activity being implemented were presented and included the Market Town Renewal Programme which was being phased to ensure deliverability, careers hub, business support programmes etc. It was important not to lose sight of the forward journey which included work around developing bids for a Tourism Action Zone, more sustainable mobility infrastructure and HS2.

With regard to Vision Derbyshire, Councillor Gilby felt it was disappointing that some partners considered it wasn't ambitious enough, but it was important that support was given to ensuring delivery and the early mobilisation of projects. Through Vision Derbyshire, it would be possible to provide co-ordinated and sustainable support to local businesses and communities. A log was being kept of the different ways in which councils were working together and the efficiencies that were being made and outcomes achieved in order to show that Vision was better than structural reform in Derbyshire.

In respect of Peak Resort, Councillor Gilby reported the developing proposals for sustainable travel and transport (linked to the Recovery Strategy) was good news and the demonstrator project would help set the standard for other areas of the county. It was important however, that visitors to the Resort visited Chesterfield town centre, North East Derbyshire and Bolsover as well as the Peak District.

RESOLVED to note the report.

25/20 LEP UPDATE: PRESENTATION ON DRAFT D2N2 ECONOMIC RECOVERY STRATEGY Will Morlidge reported on the D2 Economic Recovery Strategy. The Strategy would be circulated for comments.

The existing Local Industrial Strategy was based on sound evidence but was in need of updating in relation to Covid, Brexit and changes in Government policies.

The draft Recovery Strategy was divided in to three key areas namely productivity, clean growth and connectivity. Details of the major changes within these headings was presented. The presentation detailed the specific "asks" of Government that enabled a 'call off list' of clearly evidenced priorities that were ready to proceed should funding become available. The list was deliberately spread geographically and themes needed to be crafted into specific asks.

Work was needed to rethink the region's USP to Government which was likely to be still around the green agenda with hydrogen very likely to be a key

component. Businesses, universities and planning authorities were all working doing work around the hydrogen agenda.

The LEP requested assistance from councils to determine which elements of the ERGs to prioritise, what were Derbyshire's USPs and to give authority for the LEP to produce a single regional D2N2 pitch to Government which was a clear message coming from Government.

With regard to HS2, it had become apparent from discussions with Ministers regarding the Integrated Rail Plan that they believe HS2 would bring significant benefits to those areas not directly on the line and at the last meeting of the East Midlands Growth Board, it was recognised that this needed to be promoted a lot more. This was perhaps something that D2N2 could task the HS2 Growth Board to do. It had always been recognised that whilst HS2 would in the short-term disadvantage some areas, the longer-term economic advantages would be greater.

It was agreed that councils would consider the presentation and respond directly to the LEP by 9 October.

RESOLVED to note the report.

26/20 DEVELOPING THE DERBYSHIRE CAREERS HUB

Emily Williams gave a presentation on the work of Careers Hubs, including recent progress since it was established in 2019. Prior to the Hub being established, careers activity was happening in schools in Chesterfield and North East Derbyshire but was fragmented and of varying quality across schools.

The enhanced funding that comes with the Hub allows for a Hub Lead who provides unified management across the area and also links with key partners and stakeholders. The Hub Lead was supported by a number of Enterprise Co-ordinators who slink with school career leads and employers. Details of the priorities for the Hub were presented.

There were six key projects: My Future – Virtual Platform; Careers Leader Portal and Community of Practice; University of Derby/City Fibre and Cornerstones – Skills for the Future; D2 SEND Cluster; CEC Transition Funding- Guidance Practitioners; and Social Action Programme with NCs and Ingeus.

The My Future project had been delivered within a very short timescale and was a direct result of the Covid-19 pandemic and was a key output of Chesterfield Borough Council's Economic Recovery Plan. The pandemic had severely disrupted education and the prospect of young people engaging with training providers by traditional means. In North East Derbyshire alone, this involved 2802 year 11 and 868 year 13 students. A significant number of these students hadn't therefore received any guidance from training providers, further education establishments or employers since March 2020.

It was highly unlikely that this engagement would take place before 2021 and possibly not until the next academic year. The labour market would continue to shift, and it was important that young people were encouraged to engage with growth sectors such as digital and ensure that this pipeline of talent remained strong. A central platform was required to pull together the overwhelming amount of information that was available in order to prevent complete disengagement.

This led to the development of My Future which was responded to relatively quickly as part of the Economic Recovery Plan. The basic platform was seed funded from the Skills Action Plan budget and the knowledge and expertise from other partners including the D2N2 Careers Hub and Destination Chesterfield. The project was quickly drawn together and was launched on GCSE results day in August. A demonstration was given on how the virtual platform worked in practice.

RESOLVED to note the report.

27/20 IMPLICATIONS OF PLANNING WHITE PAPER

David Arnold, Head of Planning Services at Derbyshire County Council, gave a presentation on Planning for the Future consultation and sought endorsement to send a strategic response to the Government from the Committee.

Since the White Paper was published in August, a number of workshops and meetings had been held with the Derbyshire Planning Managers to open a dialogue on the proposed reforms and what this meant for respective councils and also a wider Derbyshire.

It was clear from these discussions that there were concerns and that these would affect a wider geography. A joint response from the Committee would be an opportunity to share joint concerns on strategic matters. Various webinars had also been attended organised at a national level, which gave an insight in to the views elsewhere.

Through these discussions, it was clear that many of the proposals in the White Paper were to be welcomed including streamlined decision-making and plan making. At the heart of the White Paper was the Government's desire to build an additional 300,000 homes per year and the fact that they were not achieving this figure and that the current planning system was seen as a reason why this was not being delivered. The intention of the proposals was to create more certainty and confidence in the system; to improve accessibility; and to achieve better outcomes.

The reforms were set out in three sections; Pillar 1 – Planning for Development; Pillar 2 – Planning for Beautiful and Sustainable Place; and Pillar 3 – Planning for Infrastructure and Connected Places, further details of which were presented. In their totality, the proposed changes were significant, and they represented a framework for change.

There were shared concerns around local plans and what they say about growth areas and the speed at which they were to be produced (ie 30 months), which

will put considerable pressure on staff and resources. There was also a concern over community engagement and the fact that this is loaded towards the start of the planning process rather than the end. The proposals were silent on strategic planning which was particularly important in two tier areas where the lack of a shared strategic plan can mean decision-making on key projects is much more complex. There was also a proposal to abolish the duty to cooperate which had worked very well in Derbyshire to facilitate good and effective joint working between the councils.

A major concern was the introduction of nationally binding housing requirements as this would see requirements increase significantly in Derbyshire, estimated to be additional 1400 dwellings per annum, which could have significant implications for the need for new infrastructure. In terms of determining major applications, the Government wanted to have applications determined within 13 weeks and if not, the planning fees would be returned. For big complex schemes, this would be difficult to achieve, particularly given the timescales in which statutory consultees often take to respond.

There were significant concerns over the proposal to abolish the current system of developer contributions and replace it with a nationally set infrastructure levy based on the final value of the development and payable at the point of occupation. Given the variation in land value across Derbyshire there may be some areas where the levy would not be required to be paid which may cause problems with the provision of infrastructure.

It was noted that the White Paper refers to housing only and there was no mention of waste and minerals and there was also no mention of travellers/gypsy site assessments. It was also agreed that the reduction in the democratic process in relation to planning process be included in the response.

RESOLVED to agree that the County Council circulate a draft, joint response on behalf of the D2 Joint Committee and that the agreed response be submitted to Government.

28/20 UPDATE ON PROPOSED STRATEGIC GROWTH AND INFRASTRUCTURE FRAMEWORK

This item was deferred until the next meeting.

29/20 DATE OF NEXT MEETING To be confirmed.

UK FREEPORTS BIDDING PROSPECTUS BRIEF

NOVEMBER 2020

KEY MESSAGES:

- Competition for freeports now formally open, submission deadline by 05/02/21
- Most likely 7 winning freeports in England, 1 or more in each devolved administration
- Key objectives:
 - a) Regeneration and job creation is the lead policy objective, alongside
 - b) establish Freeports as national hubs for global trade and investment and
 - c) create hotbeds for innovation
- Can have 3 separate tax sites, with total maximum area of 600 ha
- The Freeport can include multiple customs sites and up to three tax sites
- Successful bidders will be asked to set out a business case in 2021 e.g. outline allocation of seed capital, confirm local commitments of funding etc.

OBJECTIVES AND OUTCOMES THAT NEED TO BE MET:

- Objective 1 - Trade and investment. Outcomes:
 - **Trade:** increase in trade throughput through designated Freeport area.
 - **Investment:** increase in investment within the Freeport boundary area, surrounding area, and nationally.
- Objective 2- Regeneration and levelling up. Outcomes:
 - **Employment:** increased number of jobs and average wages in deprived areas in and around the Freeport.
 - **Economic activity:** increase in economic specialisation in activities high in GVA relative to the current makeup of the local economy.
- Objective 3 – Creating hotbeds of innovation. Outcomes:
 - **Innovation:** increased local involvement and funding in R&D and innovation.
 - **Productivity:** increased productivity in each target region, through increased capacity to absorb innovation.

CUSTOMS AND TAX:

- Freeport outer boundary limit set at 45km (exceptional additional customs subzones / tax sites outside boundary will be considered).
- Customs Allows a primary customs site and multiple additional customs subzones. (No size limit to either).
- Tax sites allows up to 3 single, individual areas as locations of the tax site. Total area must not exceed 600 ha (note: guideline is for each site to be ~20-200 ha).
 - These sites must be located in areas with i) below national GDP and ii) above average national unemployment.

- Should be underdeveloped, defined by i) underutilised land ii) potential investment growth and iii) job creation (tax site should not contain significant incumbent employment).
- Council(s) will retain business rates growth for that area, above an agreed baseline (following example of Enterprise Zones). Guaranteed for 25 years. Bidders need to set out process for agreeing how retained rates are reinvested.
- Bidders must show how their development plans could be supported by an LDO. Government commits to providing support for local authorities to help implement LDO.

GOVERNANCE STRUCTURE:

- No formal governance needs to be in place at bid stage.
- Proposed governance structure must incorporate local authorities to some degree, with explicit request for:
 - Inclusion of the Unitary and/or Upper/Lower tier councils where the Freeport is located.
 - A decision-making structure that preserves the local authority/ MCA's ability to accountable for spending of public money e.g. seed capital funding.
- Encourage representation from a broad coalition e.g. include firms/ investors, the MCA/LEP, local MP, innovation stakeholders (Should have <12 permanent members).
- Local authority(s) needs to be part of the bidding coalition and offer firm written commitment supporting the bid (this commitment should include local political leaders).
- Local authority(s) must have discussed development plans as part of bid process (and offer support for LDO or similar mechanism).

THE FREEPORT FUNDING:

- Bidders must outline costs of delivering their proposal and source of funding. (Spending should focus on land assembly, site remediation and small-scale transport within OB).
- £175 million of additional seed capital funding available to successful bidders.
- Bidders must outline how the Freeport enhances local and national innovation ecosystems and how it will establish collaboration hubs via partnerships with innovation ecosystem.

ADDITIONAL REQUIREMENTS:

- Bidders must outline how their bid supports decarbonisation and ensure the Freeport reaches Net Zero emissions by 2050 or earlier.
- Prevention of illicit activity.



HM Treasury



HM Government

Freeports

Bidding Prospectus



Freeports

Bidding Prospectus

Presented to Parliament by the Chief
Secretary to the Treasury by Command of
Her Majesty

November 2020



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Ministerial Foreword

When we announced the Freeports Consultation back in February, we could not have imagined how changed our country and the world would be in just a few months' time. What began in March as a health emergency has grown and now reaches deep into our economy and society. This government has worked tirelessly to deploy one of the most comprehensive and generous packages of support in the world to keep the UK, its people and our economy protected.

As we look to our future as an independent trading nation, out of the EU and into the world, we want to build back better to deliver lasting prosperity to the British people. We believe in the nobility of free enterprise and want to unleash the deep potential of our port regions to help create the next generation of jobs, prosperity and opportunity for this country. To do this, we consulted on our ambitious vision for UK Freeports and, despite the challenges of the virus, hundreds of you reached out. You shared our enthusiasm and engaged us on its details, enabling us to be bolder and refine our Freeports model commensurate with our ambitions.

Now, we want to see what you can do. Our country has a rich diversity of strengths, and we want you to set out why your region represents a best-in-class location for our Freeport model. Whether you're a port, local business, a multinational investor, a university, a public agency or an innovator with a bold idea, this Bidding Prospectus provides the clarity you need to reach out across your networks and outline together, how you can best meet our objectives of boosting our economy, levelling up our country and creating hotbeds for innovation.

This government is committed to creating, supporting and extending the awesome power of opportunity to all four nations in the UK, and Freeports are part of our answer. Freeports will make it easier for those with the ambition and appetite to take risks and be bold, to do what they do best and create jobs, growth and solutions for the future. We cannot wait to receive your bids.



Rt HON RISHI SUNAK MP
Chancellor of the Exchequer



Rt HON ROBERT JENRICK MP
Secretary of State for Housing,
Communities and Local Government

Introduction and Context

- 0.0.1. Since the Freeports Consultation was launched in February 2020, the government has been working with ports,¹ businesses, local authorities and wider stakeholders to design a brand-new, bespoke Freeport model for the UK, with a comprehensive package of measures designed to boost trade, employment and innovation. In the Consultation Response published in October 2020, the government set out a developed vision for UK Freeports and invited potential bidding coalitions to come together.
- 0.0.2. The UK government is now formally launching the bidding process for Freeports in England and seeking proposals from bidding coalitions. This Bidding Prospectus is a guide for bidders entering that process. It sets out the government's ambition for Freeports policy, the government's core Freeport objectives, what is expected of bidders and what a best-in-class Freeport proposal from them will include. The prospectus provides detail on the limits to Freeport locations, including clear geographic guidelines on site design and size, and how Freeport levers relating to customs, tax, planning, regeneration and innovation will work. At each stage, it outlines what bidders are expected to set out in their proposals and how they can take full advantage of each measure. Finally, it provides information on how Freeports should be governed and delivered, and details of the fair, open and transparent bidding process that will determine successful Freeport locations.
- 0.0.3. Freeports are a flagship government programme that will play an important part in the UK's post-Covid economic recovery and contribute to realising the levelling up agenda, bringing jobs, investment and prosperity to some of our most deprived communities across the four nations of the UK with targeted and effective support. The government recognises that different regions will have different existing strengths, institutions and local economic strategies. The government wants to select successful Freeport locations that account for and take full advantage of the diverse potential and comparative advantage of different regions of the UK. We remain committed to running a fair, open and transparent bidding process to ensure Freeport locations are selected on the basis of their ability to fulfil our objectives.
- 0.0.4. In the Consultation Response, the government invited potential Freeport stakeholders, including ports, local and international businesses, academic institutions, local authorities, mayoral combined authorities and Local Enterprise Partnerships to organise themselves into bidding coalitions. We want these coalitions to develop ambitious, deliverable Freeport proposals; setting out why a Freeport is right for their area, how they will utilise the measures, and how they will deliver and run a successful Freeport.
- 0.0.5. Freeport bidding coalitions must submit their proposals to the Ministry of Housing, Communities and Local Government (MHCLG) by 12.00 noon on Friday 5 February 2021, 12 weeks from the date of publication of this Bidding Prospectus. These proposals will be assessed via an open, competitive process to determine winners by Spring 2021. Successful bidders will then be granted some seed funding to support governance set-up costs and will work with the government to develop detailed business cases for their spending plans associated with the regeneration funding offered to Freeports.
- 0.0.6. The UK government has committed to establishing Freeports in each of the four nations, to a target of 10 across the UK. However, further awards may be made if bids are particularly strong. The number of awards in Northern Ireland, Scotland and Wales will be jointly agreed with the relevant devolved administration.
- 0.0.7. Any potential bidders will be able to contact Freeports-MHCLG@communities.gov.uk to request clarification on any of the content of the Bidding Prospectus until 21 December 2020. A summary of answers will then be published online. The government may also engage with stakeholders after this date in open forum events that will not discuss policy development beyond what has been announced publicly through the Consultation, our Response or in this Bidding Prospectus.

¹ Please note, references to "ports" within this document include air, sea and rail ports unless otherwise stated.

Section 1

Freeports in all nations of the UK

- 1.0.1. This document is the Bidding Prospectus for Freeports in England only.
- 1.0.2. Working with the devolved administrations, the UK government wants to establish at least one Freeport in each of Northern Ireland, Scotland and Wales. The government wants to ensure that people across the UK can all share in the economic benefits associated with unleashing the potential of Freeports to rejuvenate communities across the UK.

1.1. Bidding process

- 1.1.1. The UK government is working with the devolved administrations in Northern Ireland, Scotland and Wales to develop appropriate Freeport allocation processes. These processes will be run jointly by the devolved administrations and the UK government. Separate processes will be run in each UK nation to:
 - a. ensure that local conditions and priorities are considered as part of the allocation process
 - b. account for differences between nations where policy levers are devolved
- 1.1.2. The UK government will determine all reserved policy measures and the allocation processes within each nation will still operate within the overall Freeports framework set out in this document.
- 1.1.3. In order to ensure that all four nations can realise the economic benefits of Freeports, the UK government is keen to ensure that the appropriate allocation processes in Northern Ireland, Scotland and Wales are announced as soon as possible in collaboration with the devolved administrations.

1.2. Cross-border bids

- 1.2.1. Cross-border bids are defined where a bid includes proposed sites in more than one UK nation.
- 1.2.2. Cross-border bids are admissible. That means that a coalition bidding as part of the process set out in this document may include members and land not located in England. However, such bids must still ensure that:
 - a. all sites that form part of the proposed Freeport are located within the Outer Boundary of 45km, unless a special case can be made as to why this should be exceeded (see Section 3.1)
 - b. the primary customs site is in England
 - c. all tax sites are in England (see Section 3.1)
 - d. bids comply with the bidding criteria set out in this document
- 1.2.3. Any bidders submitting a cross-border bid may enter more than one nation's allocation process. However, a single piece of land cannot form part of bids that are successful in two different nations' processes. Therefore, if a piece of land is part of a successful bid in one process, it cannot be part of a bid in any other nation's allocation processes.
- 1.2.4. The approval of any cross-border elements of a Freeports bid, within the English process, will be subject to the relevant devolved administration's agreement to utilise the relevant devolved powers in sites located within their nation.

Section 2

Objectives

- 2.0.1. The UK government has designed a bespoke, world-leading UK Freeport model aiming to achieve three objectives:
- a. establish Freeports as national hubs for global trade and investment across the UK
 - b. promote regeneration and job creation – our lead policy objective
 - c. create hotbeds for innovation
- 2.0.2. No two local economies or ports are the same. To meet the ambition of Freeports, **bidders need to reflect on these characteristics, fully utilise their assets, tackle their weaknesses and set out a strategy for growth founded on these three objectives.**
- 2.0.3. Each objective is underpinned by a set of key outcomes. **Bidders’ plans to deliver on the government’s objectives must show how they will deliver outputs in support of these key outcomes.** These outcomes will also form the basis for subsequent evaluation of the success of the Freeports programme.

2.1. Objective 1 - Establishing national hubs for global trade and investment

- 2.1.1. One of the core objectives for Freeports is to establish them as national hubs for global trade and investment, intensifying the economic impact of our ports and generating increased economic activity across the UK.
- 2.1.2. There are well-established interdependencies between investment and the export and import of goods and services, which may benefit existing businesses in affected areas. For instance, foreign-owned companies exported £96.3 billion of UK services between 2016 and 2018, 31.4% of the UK’s overall services exports. Investment in and around Freeports, as well as imports into them, will therefore be essential to the success of domestic companies and in delivering on the government’s wider objectives such as levelling up, clean growth, innovation, and job creation.

i. Investment

- 2.1.3. The economic impact international investment has on host economies is well established and is particularly important to the UK, providing a significant contribution to business turnover and job creation, as well as contributing to increased productivity and broader economic growth. The Department for International Trade (DIT)’s Inward Investment Results, for instance, show that the UK attracted 1,852 Foreign Direct Investment projects in 2019/20, creating 56,117 new jobs and safeguarding 9,021.
- 2.1.4. **Bidders should demonstrate how the Freeport will bring new investment into the surrounding region and increase trade through the designated Freeport.**
- 2.1.5. **Bidders should also show how they will work with local and international businesses to enhance the impact of increased investment in the wider region, and the country as a whole, to level up the economy.** This should include a view of any investment projects that the Freeport could help to deliver and a view of the sectors they will target within the region.

ii. Trade

- 2.1.6. In addition to the increased investment, Freeports provide businesses and ports the opportunity to improve current practices, whether that be in making processes more efficient, maximising developments in production and shipping, or acquiring the expertise to secure their position

within vital supply chains.

- 2.1.7. Bidders should outline how they envisage their Freeport will generate trade growth and enable trade processes to become easier and more efficient.
- 2.1.8. Bidders should also indicate if there are particular sectors that are part of their bid that would benefit from having a Freeport (e.g. to assist with any necessary import/export checks, support their supply chain needs or increase their exporting potential).

iii. Key trade and investment outcomes

- 2.1.9. In pursuit of this objective, bidders will need to deliver the following key outcomes:
 - a. **Trade:** increase in trade throughput through the designated Freeport area
 - b. **Investment:** increase in investment within the Freeport boundary area, surrounding area, and nationally
- 2.1.10. Potential Freeport concept – Objective 1:

Bringing existing manufacturers together to benefit from trade

A multi-site, digitally connected Freeport customs site is developed to build on existing assets in key sectors such as automotive, advanced manufacturing and offshore wind. This could use digital technology to link one or more ports with existing manufacturing sites and Enterprise Zones across a non-contiguous geography, within an agreed boundary. Active tracking could be deployed to allow goods to be transported between a fixed number of sites, ensuring that they remain within the Freeport. This might allow the Freeport to incorporate a much broader range of manufacturing clusters, supply chains and smaller producers, supporting business growth and bringing regeneration benefits closer to existing deprived communities.

An initial Freeport with a small number of sites could be created requiring minimal physical infrastructure, with investment targeted on the development of vehicle tracing technologies, including Automatic Number Plate Recognition (ANPR) and associated data management systems.

This model could support multiple interconnected hubs, providing flexibility in regions where industrial clusters are more dispersed, or where there is insufficient development land around existing port facilities. It may also mitigate against displacement of local economic activity from deprived areas and provide additional protection for exporting firms and supply chains from disruption to international trade.

The Freeport Governance Body could coordinate activity across sites, providing strategic overview of transport and infrastructure, implementing simplified customs procedures, and incentivising the growth of existing clusters within the Freeport through tax and planning policies, as well as providing incentives for investment in R&D.

2.2. Objective 2 - Regeneration and levelling up

- 2.2.1. The second objective of Freeports is regeneration. Freeports should harness ideas and investment from the private sector to deliver jobs, sustainable economic growth and regeneration in the areas which need it most.
- 2.2.2. The private investment needed to drive this regeneration can be attracted to Freeports through the model's tax measures, seed capital, an appropriate planning environment, good governance, a strong local skills base and the support of government in attracting foreign investors.
- 2.2.3. Bids in deprived or vulnerable areas which demonstrate an ability to deliver investment and innovation-rich Freeports are more likely to be successful in their application given the

government's lead objective.

i. Supporting emerging industrial clusters

- 2.2.4. By targeting particular sectors that are present and growing in the local economy, Freeports may be able to support emerging clusters. Industrial strengths and clusters can be identified using several methods, from statistics on industries ranked by local job share to "Economic Complexity Analysis".
- 2.2.5. Moreover, as Freeports draw investment and become increasingly occupied by similar, or complementary firms, the government expects other firms wanting to expand into Freeport areas to benefit from the shared inputs, labour market pooling and knowledge spill_overs that clustering provides.
- 2.2.6. **Bidders should give evidence of these emerging clusters in their local economy and how they intend to support them.** Evidence of new private sector investment – either from commercial property developers serving those sectors or from occupiers themselves – will be rewarded with a higher assessment against relevant criteria.

ii. Property

- 2.2.7. Some of these clustering benefits have been observed even at the neighbourhood or office level. Therefore, **bids that propose commercial property development should show how they will enhance these effects** through attracting larger "anchor firms" around which other firms can cluster or ensuring that estates are well-designed to promote beneficial mixing of workers. Given the uncertainty of Covid19, proposals should be tested against a number of likely scenarios and, if appropriate, allow for a range of occupier types.

iii. Transport

- 2.2.8. As business activity grows, some Freeports may find that road congestion increases within the Freeport site and the wider travel to work area. Increasing journey times for freight and passenger transport both add to the cost of business and slow growth. Bidders can tackle these challenges by being well-aligned with existing or planned infrastructure investment and tackling marginal gaps in site-viability themselves, while remaining focused on the needs of target sectors. E.g. a rail terminal may be expecting to receive an upgrade but is in a sub-optimal location for a target sector, which is currently clustered in a different locality. **Bidders should ensure that they are aligned with their local transport plan or explain any divergence.**

iv. Skills

- 2.2.9. Many respondents to the Freeports Consultation wanted to develop local skills to suit the needs of industries targeted by a Freeport. This is supported by previous studies into seaside towns, which found that a historic focus on low-skilled sectors had been compounded by industrial decline, resulting in a poor skills base from which to attract new investment. **Bidders should reflect on how they will align the skills available in the local labour market to the needs of the firms and sectors being targeted by the Freeport, including support for upskilling in line with local skills strategies.**

v. Key regeneration outcomes

- 2.2.10. **In pursuit of this objective, bidders will need to deliver on the following key outcomes:**
- a. **Employment:** increased number of jobs and average wages in deprived areas in and around the Freeport
 - b. **Economic activity:** increase in economic specialisation in activities high in GVA relative to the current makeup of the local economy

2.2.11. Potential Freeport concept – Objective 2:

Marketing the assets of a place to attract a major firm

A strategic site adjacent to an established port is developed that builds on existing assets in a capital and energy intensive sector; for example, chemicals. This Freeport could effectively market itself to international investors in the chemicals and related sectors by pointing to its existing industrial strengths, allowing a large firm to establish itself quickly by accessing an existing supply of skilled workers and suitable infrastructure at the port. As the site is adjacent to the port, it would lower transport costs, so firms with goods that carry high transport costs may benefit in particular. For the local community, this new and significant demand for their skills should boost wages and create job opportunities in more deprived areas.

Once a large firm had been attracted, it could increasingly interlink with local supply chains, with by-products of one process acting as inputs to others. This could grow a new cluster of firms, allowing them to benefit from shared infrastructure, storage facilities and transport, with energy intensive industries benefitting from reduced costs and so greater environmental compliance. These increases in efficiency should further boost job creation and increase wages.

Firms could pool their training budgets to establish a further education provider focused on technical skills, in partnership with existing skills providers. This could provide training opportunities on site, so that learners can benefit from work experience and ensure the labour market best meets the needs of this emerging industrial cluster. There may be opportunities to pilot innovative schemes around clean energy, recognizing that the cluster may contain many energy intensive industries.

2.3. Objective 3 - Creating hotbeds of innovation

2.3.1. The third objective of Freeports is to establish hotbeds for innovation. Freeports will focus private- and public-sector investment in R&D, they will be dynamic environments that bring together innovators to collaborate in new ways, while offering controlled spaces to develop and trial new ideas and technologies.

2.3.2. Innovation in Freeports jointly supports other core Freeports objectives as it creates new markets for UK products and services, and drives productivity improvements, bringing jobs and investment to Freeport regions. Innovation at ports will also be a key aim of the 2025 Border Strategy.

i. Innovation in Freeports

2.3.3. Innovative activity in Freeport locations can be characterised into 3 distinct areas of focus. Potential Freeports could focus on any, or all, of these in outlining their innovation ambitions.

- a. **Port-specific innovation** – innovation that directly benefits air, rail or maritime ports, e.g. autonomous cranes and cargo-handling equipment, digital security, customs software that can track goods across a broader area, etc.
- b. **Port-related innovation** – innovation that indirectly benefits air, rail or maritime ports or their supply chain, e.g. autonomous transport, modern methods of construction, industrial decarbonisation etc.
- c. **Non-port-related innovation** – innovation unrelated to air, rail or maritime ports that can take advantage of port-proximate locations or the Freeport wider offer, e.g. pharmaceuticals, quantum technologies, advanced materials, robotics, AI etc.

2.3.4. At ports themselves, Freeport status could allow port operators and businesses to build on the thinking outlined in the [Maritime 2050](#) strategy and [Aviation 2050](#) consultation to generate technological solutions which could subsequently be implemented in other Freeports, ports and other areas across the country.

ii. Innovation activity

- 2.3.5. As a hotbed for innovation, a **successful Freeport proposal should consider the following:**
- a. **Capability and Investment:** Build and reinforce the capability for Research and Development (R&D) in the Freeport region, by funding and supporting private and public investment in research, innovation and skills within Freeports
 - b. **Collaboration and Commercialisation:** Facilitate translational research, skills development and data-sharing in the Freeport region, by linking start-ups, businesses and ports with academic institutions, innovation structures and regulators
 - c. **Novel solutions:** Drive the development, testing and application of new ideas and technologies, including developing innovative solutions to problems faced by Freeports
- 2.3.6. The 3 innovation levers outlined in Section 3.9 (innovation funding, collaboration hubs and regulatory innovation) link clearly to each of these areas of focus and contextualise how successful Freeport proposals should outline their innovation outputs and ambition.

iii. Key innovation outcomes

- 2.3.7. In pursuit of this objective, bidders will need to outline how their innovation ambitions link to these outcomes:
- a. **Innovation:** Increased local involvement and funding in R&D and innovation
 - b. **Productivity:** Increased productivity in each target region, through increased capacity to absorb innovation
- 2.3.8. The government is also interested in how innovation ambitions can meet these outcomes in the context of the decarbonisation and Net Zero agenda, as outlined in Section 4.1.
- 2.3.9. Potential Freeport concept – Objective 3:

Using Freeports to trial new technologies

Links between a Freeport and a local university lead to the establishment of an automation-focused translational research facility within the Freeport, creating a high-tech cluster of established and start-up businesses. Company X and Company Y want to pilot autonomous vehicles and have successfully bid for Innovate UK challenge funding. The controlled space within the Freeport allows Company X and Company Y to safely test new technologies, guided by the regulatory support of the Freeport Regulation Engagement Network.

Company X has piloted zero emission automated vehicles to load, unload and transport goods around the Freeport. Before piloting, Company X want to ensure they meet their regulatory obligations. The Freeport Regulation Engagement Network help Company X understand that, as their testing would be on private land, they do not require regulatory approval. Company X is able to make use of the tightly controlled Freeport area to use advanced vehicles with no drivers. This automation enables a more efficient and cheaper process for Company X which it can now scale into other areas and helps tackle carbon emissions and drive wider innovation in connected and automated vehicles in the UK.

Company Y has piloted zero emission automated logistics vehicles to deliver their goods directly from the Freeport to local markets and warehouses. The use of automated logistics vehicles on public land requires them to engage with the regulators at the Department for Transport to ensure that the innovations they are trialling are conducted safely and lawfully. The Freeport Regulation Engagement Network (FREN) acts as the liaison point for Company Y, helping them speak directly to the relevant officials and to enable regulatory flexibility as appropriate to push forward with their automated logistics business model. The flexibility of UK regulation has enabled them to pioneer new cleaner and more efficient logistics processes.

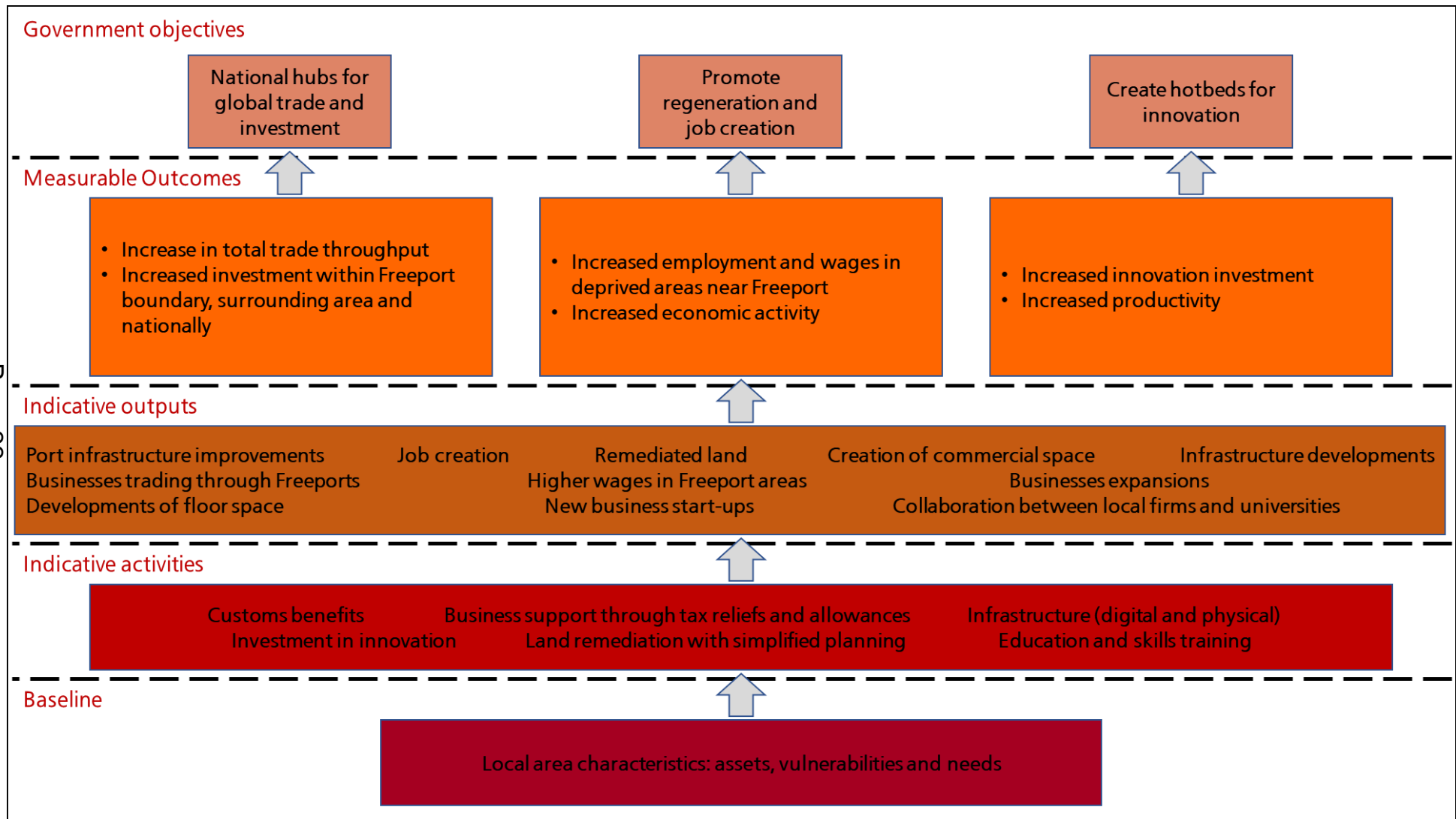
2.4. Logic model

- 2.4.1. **Bidders will be expected to submit a diagram of a logic model as part of their bid.** The logic model should provide an overview of the links between the activities and inputs, outputs, outcomes and impact of bidders' proposed Freeport model to show how their proposed Freeport will achieve the programme's objectives. That will mean explaining how the Freeport would make use of the levers set out in Section 3 and how these will interact with local characteristics and other inputs (e.g. investment by the port and local area) to achieve measurable outputs and ultimately the desired outcomes.
- 2.4.2. The government will assess the credibility of each link in the chain from activities and inputs, to outputs, to outcomes, within the logic model underpinning each proposal and using the information provided in question 2.1 (see Section 5.5).
- 2.4.3. The broad structure of a logic model is set out in Figure 2.5.1. This model sets out some indicative examples of the sorts of activities bidders may propose, alongside an array of possible outputs. Bidders will be responsible for explicitly making the link between the specific outputs they propose, and the outcomes set by the government.

2.5. Expected outcomes

- 2.5.1. Freeport proposals will be assessed against all these outcomes as part of Freeports monitoring and evaluation process.
- 2.5.2. **Objective 1** - establish Freeports as national hubs for global trade and investment across the UK
 - a. **Trade:** increase in trade throughput through the designated Freeport area
 - b. **Investment:** increase in investment within Freeport boundary area, surrounding area and nationally
- 2.5.3. **Objective 2** – promote regeneration and job creation
 - a. **Employment:** increased number of jobs and average wages in deprived areas in and around the Freeport
 - b. **Economic activity:** increase in economic specialisation in activities high in GVA relative to the current makeup of the local economy
- 2.5.4. **Objective 3** – create a hotbed of innovation
 - a. **Innovation:** Increased local involvement and funding in R&D and innovation
 - b. **Productivity:** Increased productivity in each target region, through increased capacity to absorb innovation

Figure 2.5.1. Freeports logic model – linking inputs, outputs and outcomes to objectives



Section 3

Economic levers and design of interventions

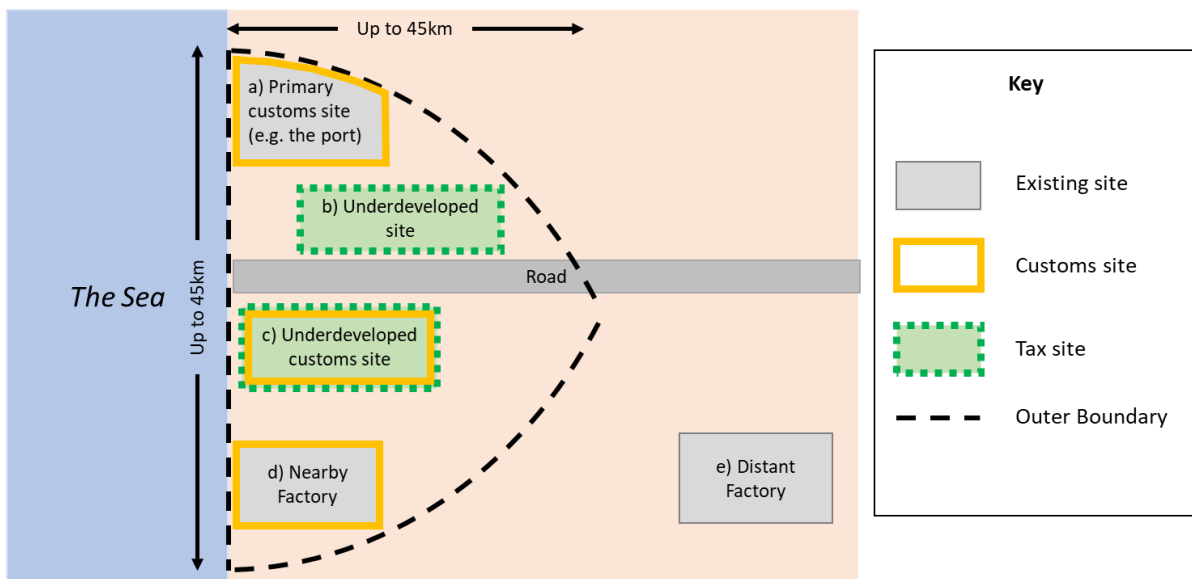
3.0.1. This section details the specific design of the UK’s Freeport model. First, it sets out the geographic parameters for the size, shape and location of a Freeport. It then details the specific economic levers offered to bidders as they would apply in England, which the government will make available to successful Freeport locations.

3.1. Freeport geography

3.1.1. The Freeport model is geographically flexible. The government is deliberately not taking a “one size fits all approach” to ensure all places have the opportunity to apply the model in the way best suited to their local economic geography. This section sets out design principles and limits on Freeport geography to demonstrate what a Freeport “is” and help bidders apply that flexible Freeport model to their specific space and geography.

i. Overview of The Freeport Model

Figure 3.1.1. The Freeport model – Sea port example



n.b. Customs and tax site boundaries not to scale

3.1.2. **The proposed model allows for multiple sites to be designated within the overall Freeport.** This allows bidders to best reflect existing economic geographies; to maximise collaboration between ports, businesses, wider stakeholders and relevant economic assets by allowing them to benefit and contribute to one Freeport in their region; and to ensure businesses looking to invest in Freeports have increased options available to help them secure an optimal location that works for them. However, limits must ultimately apply to generate agglomeration benefits and control costs. These limits, and flexibilities around them in exceptional cases, are set out below.

3.1.3. The above shows a hypothetical Freeport bid focused around a sea port. It is demarcated with an Outer Boundary containing:

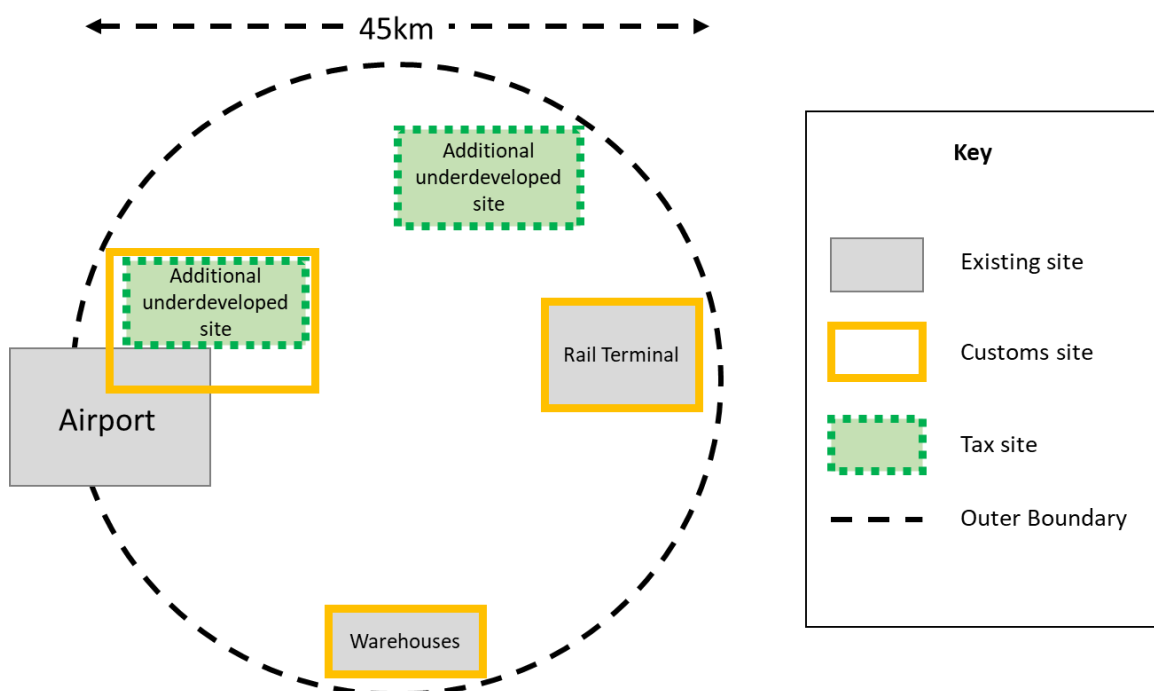
- a. A primary customs site around the sea port – site a) which, in this case, is not within the tax site, so businesses inside benefit from the customs measures, but not tax measures

- b. Additional “underdeveloped” land separate from the primary customs site – sites b) and c) where businesses in both sites will benefit from the tax measures
- c. An additional customs subzone - site c) which is also part of a tax site so businesses inside benefit from both the customs measures and the tax measures
- d. A nearby factory site – site d) which is an additional customs subzone but is not covered by the tax site, so businesses inside site d) benefit from customs measures but do not benefit from tax measures – as per site a)
- e. A distant factory – site e) which is outside the Outer Boundary, so cannot be a customs subzone or part of a tax site without a special economic case for inclusion

ii. Freeport Outer Boundary

- 3.1.4. **Bidders must define an Outer Boundary in their bids.** The Freeport measures – the tax site or sites, the customs sites, and the planning, regeneration spending and innovation measures outlined in subsequent sections – must all be applied within this Outer Boundary. The government intends for its Freeport model to help a place which has a clear economic geography, and the Outer Boundary ensures that while multiple sites can exist, those sites all exist to help that clearly defined place within the Boundary.
- 3.1.5. **Bidders will need to submit a map with the Outer Boundary marked on it to delineate the geography of the Freeport.**
- 3.1.6. The limit for the Outer Boundary is set at 45km. The primary customs site, tax site, and any additional customs subzones must all be contained by the Boundary. However, **the government will consider bids for exceptional additional customs subzones and tax sites outside the Boundary**, where this can be supported by a clear economic rationale (see below).
- 3.1.7. This means that, unless a very strong case is made (see Section 3.1.v.), **the furthest permitted distance between any two sites within the same Freeport is 45km** and the largest area a Freeport Outer Boundary can cover is a circle of diameter 45km, as demonstrated by the hypothetical multi-port Freeport in Figure 3.1.2. **Bidders will need to provide clear economic rationale for why the Freeport Outer Boundary is defined as it is.** Bids judged to be designed simply to maximise the area contained within the Outer Boundary without clear economic rationale will fail the bidding process at the pass/fail stage.

Figure 3.1.2. The Freeport Model – Multi-port example



iii. The Port

- 3.1.8. **Bidders must include at least one port of any mode within their Freeport Outer Boundary.** The port does not have to be a tax site or a customs site – for example, a thriving hub for international trade and employment might be established nearby, boosting throughput through that port. **Bids without a port within their Outer Boundary will fail the bidding process at the pass/fail stage.**

iv. The Primary Customs Site

- 3.1.9. **Bidders must include at least one customs site within their Freeport Outer Boundary,** within which the customs benefits outlined in Section 3.4 will apply. There is no practical difference between the primary customs site and any additional subzones (see below) – but bidders must propose at least one viable customs site. **Bids without at least one viable customs site will fail the bidding process at the pass/fail stage.**
- 3.1.10. The government is prepared to authorise primary customs sites in inland locations so long as an economic relationship can be clearly demonstrated between the site and the port. The government will consider primary customs sites of any size, so long as a clear economic case for the site can be made, and strict security requirements enabling HMRC and Border Force to monitor the sites effectively can be met.
- 3.1.11. The government will expect bidders to meet the cost of establishing and securing these sites according to these requirements. Overly expansive or inadequately secured customs sites will not be authorised.
- 3.1.12. The operator of the site (who monitors goods moving in and out of it) must be approved by HM Government. Businesses who operate in the operator's site must also be approved by HM Government. The process for becoming an approved site operator and business operator will open after the successful locations are announced. **Bidders should ensure that the operator of each customs site is willing and able to undergo the relevant customs authorisation.**
- 3.1.13. For more detail about the obligations and benefits of the customs offer, see Section 3.4 Customs.

v. Additional customs subzones

- 3.1.14. Bidders may bid for multiple additional customs sites ("customs subzones") of any size. Subzones confer the same benefits and are subject to the same conditions as the primary customs site.
- 3.1.15. Bidders may bid for as many subzones within the Outer Boundary as they can deliver, so long as they are relevant to the Freeport area and are willing to meet the costs of securing the sites. To bid for subzones, **bidders must submit a written justification for why they are required and clear justification of every subzone's relationship to the wider Freeport.**
- 3.1.16. Moreover, if bidders have strong economic and geographic rationale for including a customs subzone outside the Outer Boundary because it has a significant relationship to the area within the Boundary, they may bid to do so. **Bidders must provide a written submission with clear and specific reasoning justifying such additional proposals.** Bids which fail to provide justifiable reasoning for any proposed subzones outside the Outer Boundary will be disadvantaged in the bidding process.
- 3.1.17. If a multi-site bid is successful but contains unviable customs sites, the bid will be approved conditional on at least one customs site being viable, and those unviable customs sites being removed or amended.

vi. The Tax Site

- 3.1.18. **Bidders should aim for a single tax site to benefit from the tax offer. However, where there is an economic case to do so, they may define up to 3 single, individual areas as the location of the tax sites.** New and existing businesses within these tax sites will benefit from the tax reliefs outlined in Section 3.5.

3.1.19. A tax site can encompass all, or part, of the primary customs site and/or any additional customs subzones, but does not have to encompass either. Tax reliefs will only apply in customs sites located within a Freeport tax site.

3.1.20. As with customs sites, Freeport tax sites should be included within the 45km Freeport Outer Boundary. However, if bidders are considering multiple tax sites and have a strong economic and geographic rationale for including a tax site outside the Freeport Outer Boundary because it has a significant relationship to the area within the Boundary, they may bid to do so. Bids which fail to provide justifiable reasoning for any proposed tax sites outside the Outer Boundary will be disadvantaged in the bidding process.

3.1.21. **The tax sites:**

- a. Should be clearly delineated on a map – they should not be engineered to create multiple zones within a single site with the use of long and narrow lines (if there is an economic case for multiple sites, please see point b)
- b. Should encompass a single site within the Freeport of no greater than 600 hectares, or up to 3 individual sites aiming to be between 20-200 hectares – the government will consider submissions that make an economic case for an individual site that falls outside the 20-200 hectares guideline, but the total area of the individual sites within the Freeport must not exceed 600 hectares – **Those that do exceed 600 hectares will automatically fail the Freeports bidding process at the pass/fail stage**
- c. Can have uneven boundaries – bidders can designate sites with uneven boundaries if that helps capture promising areas while cutting out areas that are more developed, so long as those sites are justifiably single and individual
- d. Do not have to be a single piece of land – for example, one single individual site could be two pieces of land split by a road
- e. Do not all have to be owned by one owner – it can include multiple, separately owned parcels of land that all fall under the single delineated site – **You must confirm you have communicated your plans to the landowners impacted by your proposed tax site**
- f. Do not need to be fenced – but it should have clearly identifiable boundaries (for enforcement purposes) and be clearly delineated on a map provided as part of the bid
- g. Should ideally be located in areas with:
 - i. Below national average GDP per head currently or over the last 5 years
 - ii. Above average national unemployment rates over currently or over the last 5 years
- h. **Bidders will need to provide evidence and justification as to why an area which does not meet the criteria in 3.1.21.g requires regeneration and would benefit from being a tax site**
- i. Should be “underdeveloped” (see Section vii)

3.1.22. Bidders that are successful will receive formal confirmation of the boundary for their proposed tax zone, where tax reliefs will be eligible. The final scope of the site will take into consideration the ability of HMRC to monitor the activity that takes place within this site effectively. However, the government anticipates that these confirmed sites will be of the same size as the original bids in most cases.

vii. Justifying Tax Site Locations

3.1.23. **Bidders should submit an analysis explaining:**

- a. how their proposed sites are “underdeveloped” (see criteria below in 3.1.25)

- b. if any proposed sites are not a qualifying area as set out above, why their proposed site(s) needs regenerating
- c. how the Freeport tax measures will generate additional economic activity in the site(s)
- d. why the proposed site(s) are the optimal choice for the local area, representing good value for money

3.1.24. The assessment process will ensure that the criteria outlined in in 3.1.21.b and 3.1.21.e are met. Bidders should note the remaining criteria of 3.1.21 as these will provide supporting evidence for assessment of their chosen tax site(s) Bidders should also note the level of wastage of expenditure that will occur in these sites will be considered, to support our objective of generating additional economic activity.

3.1.25. Tax sites should be “underdeveloped” so that the tax measures support areas with economic potential, rather than already successful sites. Under this broad, economic definition, empty land, brownfield land, under-utilised land with some construction and vacant premises are some examples of what might be considered “underdeveloped” so long as a good case is made. When justifying how their sites are “underdeveloped”, bidders should consider three main criteria underpinning our definition:

- a. *Underutilised land*: tax sites should have sufficient viable but unoccupied physical space that is yet to be developed or used; to allow new or expanding businesses to construct, renovate, purchase or rent new premises in the Freeport. Bidders seeking further detail on making effective use of land may refer to the [National Planning Policy Framework](#).
- b. *Potential investment growth*: bidders should explain how Freeport status will lead to additional investment by new and/or existing businesses in Freeport tax sites significantly above current levels.
- c. *Job creation*: bidders should evidence that their proposed tax site does not contain significant incumbent employment in relation to the local region. Bidders should then explain how Freeport status will lead to additional employment in the Freeport tax site by new and/or existing businesses above current levels.

3.1.26. In addition, bidders will also be required to explain how their choice of tax site locations minimise displacement of economic activity from wider local areas, especially other economically disadvantaged areas.

viii. Freeport Distribution

3.1.27. **Ports of all modes**: The government has designed this model to apply effectively to areas with seaports, airports and rail ports. Every mode of port is welcome to make a bid or form part of a bid coalition.

3.1.28. **Multiple Ports**: The government welcomes Freeport bids that include multiple ports, including multiple ports of different modes.

- a. If there are two or more ports located within the Outer Boundary distance that are interested in being part of a Freeport, and their economic activity affects one another and the region, they may be able to make a strong case for collaboration in support of the wider economic geography. However, proximate ports of different scale or with different economic focus are also free to be part of separate bids, if they have a strong individual case for a distinct economic Freeport cluster.
- b. As noted, the government will consider additional customs sites and tax sites outside of the Outer Boundary if a compelling case can be made for their relevance to the area within the Boundary – this may help bidders who wish to include a port outside the Outer Boundary because of strong economic rationale meriting its inclusion in one Freeport.

3.1.29. **Regional Distribution:** In order to achieve its stated objective of delivering Freeports across the regions of the UK, the government expects to select a single Freeport per Local Enterprise Partnership (LEP) area.

- a. Where there are multiple bids from the same LEP area, the government reserves the right to select one bid from that LEP area, if doing so is necessary to maximise the benefits of Freeport policy; or both, if both bids are nationally outstanding in comparison to other bids, and have a suitably strong individual case for a distinct economic Freeport cluster which does not inhibit the effectiveness of the other's proposals or the government's wider ambition to spread Freeports across the regions of England.
- b. Bids that include ports that are split across multiple LEP areas will be considered to originate from the LEP in which the tax site is located. If there are multiple tax sites, the bid will be considered to originate from the LEP where a plurality of customs and tax sites are located.

3.2. Subsidy control

3.2.1. The Freeports offer set out in this prospectus will be subject to: any future domestic subsidy control regime; our subsidy control obligations at the WTO; our State aid obligations in the Northern Ireland Protocol; and, subsidy control provisions negotiated in any FTAs (including with the EU, where negotiations are ongoing).

3.3. Trade and investment support

3.3.1. The Department for International Trade (DIT) will work with successful bidders to establish a clear and relevant trade and investment support approach within Freeports. **Bidders should outline what specific trade and investment support measures they feel would benefit a Freeport in their area, including the support needed from existing DIT services to deliver this.** DIT will work in collaboration with successful bidders to provide a workable business support programme.

3.4. Customs

3.4.1. Businesses operating within Freeport customs sites will receive tariff benefits, including duty deferral while the goods remain on site, and duty inversion if the finished goods exiting the Freeport attract a lower tariff than their component parts. Subject to the UK's trade agreements, businesses may also be able to take advantage of customs duty exemption on goods that are imported into a Freeport, processed into finished goods and subsequently re-exported.² They will also be able to suspend import VAT on goods entering the Freeport. In addition, businesses operating in Freeports will be authorised to use simplified import procedures. This model expands on existing customs facilitations and procedures available to business.

3.4.2. The operator of the customs site will be responsible for ensuring goods on site follow the correct customs processes. Operators of customs sites will need to obtain authorisation for their customs sites. HMRC will provide detailed guidance on the authorisation requirements in due course. The following sections outline the expected requirements. **Bidders should ensure that the operators of all proposed customs sites are willing and able to undergo appropriate authorisation.**

² Some FTAs contain a Duty Drawback Prohibition. Duty drawback is refund of import duty when the goods are re-exported. This clause prohibits granting tariff preferences to goods that benefitted from duty drawback on third-country inputs. This means businesses have to choose between whether they want to benefit from the duty drawback or the preferential rates under the FTA (provided they meet the rules of origin test under that FTA). The UK has rolled over 15 FTAs that contain this prohibition.

i. Responsibilities of operators of customs sites

- 3.4.3. Principally, the operator of a Freeport customs site is responsible for the control of movement of goods and the access of people in and out of the customs site. This will include ensuring that goods are only able to leave the Freeport customs site when permitted by HM Government.
- 3.4.4. Operators of Freeport customs sites must adhere to the [OECD Code of Conduct for Clean Free Trade Zones](#) – and the specific anti-illicit trade and security measures therein. They will also need to maintain the current obligations set out in the [UK's Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#).UK's Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.
- 3.4.5. An operator of a Freeport customs site will be jointly and severally liable with a declarant for any import duty liability arising where there is a breach of any requirement of the Freeport operator's authorisation in relation to the keeping of goods in the Freeport customs site. This is consistent across other customs authorisations.

ii. Authorisation requirements

- 3.4.6. As set out in 3.1.9, **bidders will need to set out any sites within the Freeport area they intend to use as a customs site**. This site would need to be authorised before it can operate as a customs site. This authorisation includes meeting requirements set out by HMRC and Border Force and may involve other departments or agencies including Defra. Authorisation of the Freeport customs site will be based on the existing [Authorised Economic Operator security and safety \(AEO\(S\)\) standards](#), including:
- a. Measures to prevent unauthorised access to the Freeport customs site – this involves having robust perimeter security measures such as fences, controlled access gates and lighting to secure goods within the customs site
 - b. Having appropriate measures in place to ensure that businesses operating within the Freeport customs site are complying with the relevant security requirements
 - c. Ensuring that their external service providers, e.g. cleaners, caterers, software providers, contractors, or security companies meet the relevant security requirements
- 3.4.7. Operators of Freeport customs sites will also need to designate part of the customs site as a temporary storage area, as per the standard UK customs import rules. This requirement is also present in other existing customs procedures where the goods have a customs pre-cleared status. To do this, the operator will need to secure a Temporary Storage authorisation. More information, including how to apply can be found at gov.uk.³
- 3.4.8. We will publish further details on authorisation requirements in due course.

iii. Other customs authorisations

- 3.4.9. Operators of Freeport customs sites may wish to facilitate Transit movements to and from their customs sites and there are different ways they can do this. For example, operators may offer Transit facilities and Authorised Consignee and Consignor functions to businesses on site. This will offer a streamlined approach for businesses to start and end their transit movements. To do so, operators will need to have the appropriate authorisations, many of which will be required to operate as a Freeport customs site in any case.
- 3.4.10. Alternatively, an operator of a Freeport customs site can allow businesses that are authorised consignors or consignees to use its Temporary Storage facilities as premises to start or end their movement.
- 3.4.11. Offering Transit facilities will help the government deliver on its 2025 objective to move as much customs compliance away from the border as is possible and appropriate.

³ <https://www.gov.uk/guidance/temporary-storage>

iv. Inventory linking systems

- 3.4.12. HMRC-approved inventory linking systems control and monitor the movement of goods through frontiers. Inventory linking systems provide greater visibility for the control of goods and allow an electronic link to HMRC's declaration processing system, which saves significant resources for businesses.
- 3.4.13. Operators of Freeports customs sites will need to have secured a HMRC-approved inventory linking system that would ensure control of the movement of goods entering and exiting the Freeport customs site.
- 3.4.14. Additionally, the inventory linking system would need to ensure control of movement of goods between different Freeport locations and between a Freeport customs site and ports.

v. Customs compliance infrastructure

- 3.4.15. Infrastructure will be required by HMRC, Border Force and other agencies such as the Animal and Plant Health Agency (APHA) to carry out checks in line with existing arrangements at ports. Freeport operators will be required to provide this infrastructure. Infrastructure may include, but not be limited to, examination facilities, potential sites to scan goods and vehicles, and a dedicated area to securely store goods.

vi. Excise goods

- 3.4.16. As excise goods are subject to additional controls to mitigate the risk of illicit trade, bidders will need to comply with additional requirements. Potential operators will need to demonstrate that they are a "fit and proper" person to allow excise goods to enter and be processed in the Freeport customs site in line with the existing excise rules and conditions. This ensures a level playing field with excise businesses in the rest of the UK and helps to protect the revenue in respect of excise goods held in duty suspension within the Freeport customs site.

vii. Future customs requirements

- 3.4.17. The government will regularly review the requirements and bidders will be expected to keep up to date with the requirements and co-operate with government agencies.
- 3.4.18. The government has recently published the [2025 UK Border Strategy](#) public consultation. One of the aims is to support "ports of the future" to make the experience smoother and more secure for businesses and traders. Bidders are encouraged to set out how they would be able to contribute to making a highly digitised process available for businesses and providing infrastructure that is resilient, multifunctional and facilitative.

viii. Removal of authorisation

- 3.4.19. Operators of Freeport customs sites are always required to meet the conditions as set out in their authorisation. Failure to meet any of these conditions may result in removal of their authorisation by HMG.

3.5. Tax

i. The Tax Site

- 3.5.1. As set out in Section 3.1, **bidders must set out on a map the area where they propose the Freeport tax measures should apply** in compliance with the government's requirements.
- 3.5.2. In order to minimise the risk of tax evasion or other criminal activity in the tax site, the Freeport Governance Body will be required to maintain a record of all the businesses operating or applying to operate within the tax site. This record will need to be readily accessible by HMRC, the NCA, and Border Force operatives.

ii. Stamp Duty Land Tax (SDLT) Relief

- 3.5.3. The government intends to offer SDLT relief on land purchases within Freeport tax sites in England where that property is to be used for qualifying commercial activity. It is intended that this relief will apply from 1 April 2021 until 31 March 2026. Clawback of this relief is intended to apply in cases where land is not used for a qualifying purpose within a control period, usually three years or earlier if the land is sold.
- 3.5.4. All purchasers of qualifying property and land would be able to claim this relief through the SDLT return.
- 3.5.5. Bidders should note that policy on taxes on land transactions in Scotland and Wales is devolved to the Scottish and Welsh governments and so any land transaction relief in Freeports in Scotland and Wales may differ to the offer in England.

iii. Enhanced Structures and Buildings Allowance (SBA)

- 3.5.6. The government intends to offer an Enhanced SBA rate, providing enhanced tax relief for firms constructing or renovating structures and buildings for non-residential use within Freeport tax sites. This accelerated relief is intended to allow firms to reduce their taxable profits by 10% of the cost of investment every year for ten years, compared with the standard 3% p.a. over 33 and a third years available nationwide. This relief would be claimable where qualifying expenditure is incurred, all associated construction contracts are entered into and the asset in question is brought into qualifying use between 1 April 2021 and 30 September 2026.
- 3.5.7. Qualifying firms will claim capital allowances as part of their income or corporation tax return. As is standard under the existing SBA, claimants will be required to retain an allowance statement to demonstrate eligibility for claims throughout the 10-year period over which relief can be claimed.
- 3.5.8. The standard SBA capital gains clawback and anti-avoidance provisions will be maintained under the enhanced SBA in Freeports.

iv. Enhanced Capital Allowances (ECA)

- 3.5.9. The new ECA the government intends to offer in Freeport tax sites will provide enhanced tax relief for companies investing in qualifying new plant and machinery assets. This accelerated relief is intended to allow firms to reduce their taxable profits by the full cost of the qualifying investment in the same tax period the cost was incurred. Firms investing in the Freeport tax site would be eligible to benefit from the relief where the qualifying investments are incurred on or after 1 October 2021 until 30 September 2026. Assets eligible for relief must be for use primarily within defined Freeport tax areas.
- 3.5.10. Firms will access the measure by claiming capital allowances as part of their corporation tax return.
- 3.5.11. As is standard for capital allowances, the Freeports ECA will feature a balancing charge in some situations where a purchased asset for which the ECA has been claimed is then later sold (disposed of). The standard disposal rules for capital allowances for plant and machinery will apply including, where appropriate, balancing charges.

v. Employer National Insurance Contributions (NICs) Rate Relief

- 3.5.12. The government intends to enable employers operating in a Freeport tax site to pay 0% employer NICs on the salaries of any new employee working in the Freeport tax site. This 0% rate would be applicable for up to three years per employee on earnings up to a £25,000 per annum threshold.
- 3.5.13. An employee will be deemed to be working in the Freeport tax site if they spend 60% or more of their working hours in that tax site.
- 3.5.14. The relief is intended to be available for up to 9 years from April 2022. Partway through, the government intends to review this relief and decide whether it should be continued up to its end

date in 2031. The relief would end no earlier than April 2026 and would therefore be available for a minimum of four years. The government will provide further detail on timings in due course. The government will ensure it has the power to prevent access to the relief for those employers found to be abusing this relief by manipulating their employment practices, for example dismissing staff specifically to benefit from it.

- 3.5.15. To claim this relief employers will have to be registered with the Freeport Governance Body and operating in the Freeport tax site. Employers will be able to claim the relief through the existing Real Time Information returns, and the government will work with payroll software providers to facilitate this. Employers will be required to notify HMRC when an employee is no longer eligible due either to the three year per-employee eligibility period coming to an end, or to the employee or employer ceasing to meet the eligibility criteria.

vi. Business Rates Relief

- 3.5.16. The government intends to offer up to 100% relief from business rates on certain business premises within Freeport tax sites. This relief is intended to be available to new and certain existing businesses in Freeport tax sites in England from 1 October 2021 and would apply for 5 years from the point at which the beneficiary first receives relief. The point at which a business first receives relief must be by 30 September 2026. The cost of the relief will be funded by central government.
- 3.5.17. It is intended that newly formed businesses and businesses relocating to a Freeport will be eligible for the relief. Partial relief would also be available to existing businesses in Freeports that expand into new or additional property, expand their existing property, or expand into an unused part of an existing property following redevelopment, providing the increase in rates bills attributable to these factors is reasonably ascertainable by the local authority. New businesses or new growth will be assessed against the position on 1 October 2021. Where the Freeport tax site is located within an existing Enterprise Zone with business rates relief, businesses must choose between the Enterprise Zone offer or the Freeport offer.
- 3.5.18. Eligible firms will be able to apply to the relevant local authority to access this relief. Subject to guidance from MHCLG, local authorities will be able to finalise the details of the schemes in their Freeports, including any local displacement tests and the design of an application process, as they see fit.
- 3.5.19. Bidders should note that local taxation policy is devolved to the Scottish, Welsh and Northern Ireland governments. For this reason, non-domestic or business rates relief in Freeports in Northern Ireland, Scotland, Wales and Northern Ireland may be different to that available in English Freeports.

vii. Local Retention of Business Rates

- 3.5.20. It is intended that the council or councils in which the Freeport tax sites are located will retain the business rates growth for that area above an agreed baseline, following the example of [Enterprise Zones](#).
- 3.5.21. This will be guaranteed for 25 years, giving councils the certainty they need to borrow to invest in regeneration and infrastructure that will support further growth.
- 3.5.22. Retained receipts should be used to cover borrowing costs (where relevant); re-invest in the Freeport tax site to generate further growth; or offset expected effects of displacement of local economic activity from deprived areas.
- 3.5.23. **Bidders should set out a decision-making process for agreeing how retained rates should be reinvested.** This is particularly important where a tax site intersects multiple local authority areas (i.e. billing authorities).

3.6. Planning

- 3.6.1. Bidders will be able to take advantage of the planning reforms set out in the Consultation Response related to permitted development rights and simpler, area-based planning – in particular Local Development Orders (LDOs).
- 3.6.2. The government recognises the advantages that wider planning reform can bring to Freeports development. Therefore, as part of a longer-term programme of reform to England’s planning system, the government is exploring the potential to go further in these areas, as well as the potential to test ambitious planning proposals in Freeports, taking advantage of the controlled spaces that they offer.
- 3.6.3. In addition to the measures set out in the Freeports Consultation, the government is actively exploring a new, simpler framework for environmental assessment, as well as intending to review the National Policy Statement for Ports in 2021.

i. Permitted development rights

- 3.6.4. The government has confirmed that it will amend the Part 8 Class B rights used by seaports within Schedule 2 of the Town and Country Planning (General Permitted Development) (England) Order 2015 so that they are brought into closer alignment with existing rights for airports. This change will allow for a wider range of development and operational activities to take place in seaport areas, specifically in relation to permitting the development of buildings for purposes connected with the operation of the port.
- 3.6.5. This will help to provide planning certainty to developers and enable development plans to progress more quickly through the planning system as developers will be able to benefit from these expanded permitted development rights without the need for local authority planning permission.
- 3.6.6. Some respondents to the consultation suggested additional bespoke amendments to permitted development rights may be appropriate to better support the specific needs of seaport developments. Therefore, in line with the policy consulted on, the government will explore the feasibility of including in the regulations additional amendments to the permitted developments rights of seaports suggested by respondents to the Freeports Consultation.

ii. Simpler, area-based planning

- 3.6.7. The government has confirmed that it will encourage local authorities and prospective bidders to consider how certain planning freedoms – in particular, Local Development Orders (LDOs) – could be used to support appropriate development in Freeport areas. These measures would help accelerate and provide greater planning certainty for defined types of development in Freeport locations. Measures would also empower local authorities to take a strategic approach to Freeports development. **Bidders should provide evidence on how their development plans could be supported by an LDO.**
- 3.6.8. To support this process, the government is committed to providing further assistance to successful bidders to implement LDOs in their areas and will work in partnership with local authorities to ensure successful delivery. Details of this further assistance will be provided to successful bidders.

iii. Environmental Impact Assessments (EIA)

- 3.6.9. Some respondents to the consultation noted that the threshold to meet the need to conduct an EIA is lower for ports development than other types of similar development. This subsequently affects the scope of permitted development rights for ports as developers cannot use such rights if a development requires an EIA. As part of the wider planning reforms, the government will be considering how environmental assessment can be streamlined across all forms of development while ensuring better outcomes for the environment.

iv. National Policy Statement for Ports (NPSP)

3.6.10. In the Consultation Response, the government set out that it will consider whether a review of the National Policy Statement for Ports is appropriate. As per the Secretary of State's ongoing duties in relation to reviewing the National Policy Statement for Ports under the Planning Act 2008, the government intends to review the National Policy Statement for Ports in 2021.

v. Bidder requirements

3.6.11. **Bidders will need to demonstrate relevant stakeholder support for their proposals to ensure successful delivery.** At a minimum, the government would expect the relevant local authorities to:

- a. Be part of the bidding coalition
- b. Have discussed development plans as part of compiling the bid
- c. Offer statements of support for implementing a Local Development Order (LDO) or similar mechanism

3.6.12. Such cooperation will be vital for ensuring development plans are able to progress smoothly through the planning system. The government expects bids to demonstrate local authority support for commercial property development within tax and customs zones, to support their growth, which could be set out in an LDO. Bidders should also account for where Freeports development affects the local housing market and demonstrate proposals to address those impacts.

3.6.13. **In addition to the minimum requirements, successful bids should:**

- a. Include qualitative proposals explaining how a Local Development Order (LDO) or similar mechanism may be used to support Freeport objectives
- b. Provide map-based evidence of where underutilised land, including the tax sites, may be redeveloped for the purposes of Freeports development, with the appropriate support of the relevant local authority
- c. Consider how their Freeport proposals affect local housing markets
- d. Show how the existing local planning environment can respond or propose an approach to mitigating any adverse impacts (for example, by revising the relevant Local Plan)

3.6.14. The government also welcomes bids which present innovative development proposals, including those that are forward leaning on using available land to bring forward infrastructure and support businesses that further the UK's decarbonisation agenda or Net Zero ambitions.

3.7. Regeneration and infrastructure

3.7.1. The government proposes that successful bidders will have the opportunity to access a share of £175 million of seed capital funding. The amount accessed will depend on the submission of an outline business case (OBC), the quality of that business case and its strategic fit with the policy. The expectation is that all Freeports who have their OBC accepted will get similar shares of the available £175 million fund. However, larger bids will be considered in exceptional circumstances, for example high value for money projects and/or projects backed with significant private sector investment. Funding will be subject to the submission of a detailed business case in 2021. The government expects that any funding provided will be matched or part-matched by private sector investment, council borrowing and co-funding from other public bodies where relevant.

3.7.2. **Bidders should outline proposals for how to spend this seed funding within their Outer Boundary.** The government expects proposals to be focused primarily on land assembly, site remediation, and small-scale transport infrastructure to connect sites within the Freeport to each other, the travel to work area or other economic assets within the Outer Boundary. Proposals for spending seed capital on skills, digital and/or other infrastructure will only be considered in exceptional

circumstances. Seed capital **may not** be spent on security infrastructure for customs sites.

- 3.7.3. **Bidders should summarise the costs of delivering their proposal, as well as the source of funding (e.g. Freeport seed capital), and bidding partner responsible for that cost in their response.** As far as possible this should be broken down by financial year. As well as the preferred option, proposals should include a scaled down “minimum viable proposal” to show how the proposal would respond to lower commercial demand or a smaller allocation of seed capital. Key delivery milestones should also be reflected in bidder responses as part of their implementation plan.
- 3.7.4. To ensure resources in the local economy are used effectively, Freeport proposals should build on and add to existing partnerships and plans for the port, and complement pre-existing strategies such as Local Industrial Strategies, Skills Advisory Panel analysis, spatial strategies and local transport plans.
- 3.7.5. **Proposals should detail funding secured from other sources, community support, and any critical interdependencies.**

3.8. Local authority borrowing

- 3.8.1. The government knows from experience with Enterprise Zones that councils are often well-placed to provide additional investment, either through accessing other public funds or by borrowing through tax increment financing (TIF). As outlined in Section 3.5, the council or councils in which the Freeport’s tax site is located will retain the business rates growth for that area above an agreed baseline, as per the retained business rates model available in [Enterprise Zones](#).
- 3.8.2. **Bidders should demonstrate that proposals meet all relevant standards, and comply with all appropriate statutory guidance under which councils borrow and invest; are primarily for the purposes of generating economic activity that would not otherwise have occurred; and that the council has the relevant private sector partners in place** (this could include creating a Special Purpose Vehicle, as outlined in Section 4.3).
- 3.8.3. For both seed capital and council borrowing, **bidders need to set out a case for public intervention**, in response to the questions in Section 5.6.

3.9. Innovation

- 3.9.1. Freeport bidders are key to realising the government’s ambition to establish Freeports as hotbeds for innovation. To effectively build on successful local innovation strategies and the generous wider innovation support offered by the government to innovators, **Freeport bidders should set out their innovation ambitions – focused around our Freeports innovation objectives and outcomes.** The government can then calibrate the levers set out in the Consultation Response and this Bidding Prospectus to turn ambition into reality.
- 3.9.2. The quality of proposals will form one of the assessment criteria for bids. **The government is particularly interested in private sector-led innovation within Freeports, and innovation ambitions that contribute to the decarbonisation agenda or Net Zero.** Please see Section 4.1 for further information on decarbonisation.
- 3.9.3. Additional detail on the government’s innovation support will be announced in the Spring.

i. Freeports innovation funding

- 3.9.4. The Spending Review will determine the next generation of government innovation funding. In recent years the government has invested over £1 billion through UKRI in businesses across the country to help launch new ideas. Much of this funding has been industry-matched.
- 3.9.5. **Bidders should set out:**
 - a. their ambition and initial ideas for how innovation funding could be delivered as part of their Freeports proposals

- b. their ambition to take advantage of any place-based, challenge or other innovation funding
 - c. any industry commitment they have secured to invest in innovative activity or the testing of new technologies in Freeports
- 3.9.6. The official government "[Apply for innovation funding](#)" portal provides the ability to search and apply for government-backed innovation funding opportunities. The individual organisations that comprise a Freeports bid may qualify for different types of innovation funding programmes, depending on whether they are a business, research or public sector organisation. These include Innovate UK funding for businesses to help them commercialise their ideas and grow through innovation. UKRI's website outlines [current UKRI funding opportunities](#). Bidders should review [current government guidance](#) on how to apply for innovation funding. Freeports bidders may also be eligible for other, non-UKRI [government funding innovation programmes](#).
- 3.9.7. The government has also committed to working with UKRI to explore opportunities to take forward UK-wide open competitions to find innovative solutions to problems faced by Freeports and Freeport businesses. The aim is to provide stakeholders with the opportunity to showcase their ideas on innovation and for them to access the most suitable funding mechanisms in order to realise their ambitions. Innovate UK will therefore engage actively with Freeport leadership to help them understand how their plans and ambitions fit against the government's innovation funding portfolio, guiding and directing them to the most suitable opportunities. Accordingly, appropriate stakeholders from successful Freeports will have the opportunity to engage with Innovate UK both formally at a specific event and also informally so that they can receive the support they need in seeking to put their innovative ideas into practice.
- 3.9.8. **Bidders are also invited to set out how they think the government's innovation funding mechanisms may be able to enhance their innovation ambitions**, for example through considering new and innovative ways in which projects can be financed, including the role of matched funding and what non-financial support they would value as their projects progress.
- 3.9.9. Freeport bidders should note the highly competitive existing regime of R&D tax incentives available within the UK. This, in combination with the tax incentives detailed in Section 3.5, will mean that Freeports provide innovative enterprises with considerable additional innovation funding support.
- ii. Freeport collaboration hubs*
- 3.9.10. UK-based researchers, start-ups and businesses are at the forefront of scientific and technological progress in sectors from pharmaceuticals to AI. They comprise a national innovation ecosystem encompassing academic institutions, research and testing facilities, business incubators and accelerators, and government-backed interventions including the UKRI catapult network.
- 3.9.11. **Bidders should set out their proposals to establish Freeports as collaboration hubs, demonstrating:**
 - a. A clear understanding and awareness of the local innovation ecosystem and its priorities
 - b. A coherent plan for engaging with local leadership to help them accelerate economic growth through R&D
 - c. A commitment to engage constructively and collaboratively with the local innovation ecosystem, driving national, regional and local impacts from R&D for people and businesses
 - d. Evidence of ability to build strong partnerships with appropriate local, devolved and national bodies in order to ensure that plans are well aligned to local growth priorities and help support the development of local economic growth plans
- 3.9.12. As hotbeds for innovation, Freeports will contribute to the local and national innovation ecosystems through facilitating translational research, skills development and data-sharing in the Freeport region.

3.9.13. **Bidders should set out their proposals to enhance local and national innovation ecosystems. These may include:**

- a. Plans to establish new facilities, or link with existing facilities that apply new technologies and research
- b. Plans to work with local academic institutions to facilitate skills development by providing qualification services, training workers and facilitating apprenticeships
- c. Plans to promote Freeport-specific research programmes
- d. Plans to generate secure and standardised data for monitoring and evaluation, promote data-sharing among businesses and with researchers, and enhance digital connectivity

3.9.14. Proposals relating to enhanced data-sharing in Freeports should consider any legal and practical considerations on data-handling as appropriate.

iii. Freeport regulatory innovation

3.9.15. The government remains committed to ensuring its Freeport model maintains the UK's high standards with respect to security, safety, workers' rights, data protection, biosecurity and the environment, while ensuring fair and open competition between businesses.

3.9.16. However, the government recognises that regulation in some cases can be challenging to navigate for innovative firms as they develop, test and apply new ideas and technologies in some sectors.

3.9.17. Therefore, the government will commit funding to facilitate direct engagement between Freeports and relevant regulators through a "Freeport Regulation Engagement Network" (FREN). The specific design of a FREN will be announced in the Spring, and the framework will continue to evolve in line with successful Freeport requirements, but FRENs will:

- a. Enable an early engagement process between innovative businesses and regulators
- b. Support businesses on regulatory issues, minimising bureaucracy and uncertainty
- c. Generate ideas to engage businesses and regulators on areas of potential opportunity
- d. Identify opportunities for regulatory flexibility and new regulatory sandboxes

3.9.18. **In outlining their innovation ambitions, bidders should:**

- a. Come forward with proposals that will support innovation and innovative industries. Submissions are particularly encouraged that relate to port operations, customs procedures or the testing of green technologies
- b. Outline how they would look to take advantage of the Freeports Regulation Engagement Network to support these proposals; for example, how they would benefit from an early engagement process with specific regulators
- c. Provide contact details for their Freeport Regulators Engagement Network coordinator
- d. Outline initial proposals for the testing of new technologies in their Freeports under FREN supervision
- e. Outline which specific barriers may limit their ability to test new technologies in their Freeport, now or in the future. These barriers may be specific regulation, processes or otherwise
- f. Outline where they see opportunities for, and how they would look to take advantage of, any regulatory flexibilities or regulatory sandboxes, now or in the future, to minimise these barriers

3.10. Wider government funding

3.10.1. Bidders should outline how their Freeport proposals could be complemented by successful funding from existing or additional upcoming funding rounds from across government. The Freeport proposal should be viable without these additional sources of unsecured funding, though government may choose to align allocations across funds where objectives and timing allows.

3.10.2. Examples include:

- a. The £160 million [Green Energy Fund](#) announced in October 2020, made available to upgrade ports and infrastructure as part of plans to make the UK a world leader in green energy. The competitive allocation process is expected to conclude in 2021
- b. The £200 million [Port Infrastructure Fund](#) announced in October 2020, made available to ports to build new border infrastructure on their current sites so that they are ready to handle new customs requirements under the new Border Operating Model
- c. The £900 million [Getting Building Fund](#) announced in June 2020, made available to invest in shovel-ready housing and infrastructure projects, creating jobs and supporting economic recovery across the country.

Section 4

Delivery requirements

4.1. Contribution to decarbonisation and environmental impact

i. Driving the decarbonisation agenda

4.1.1. A prominent theme of the Consultation Response was that Freeports have great potential to contribute towards the government's decarbonisation agenda and Net Zero ambition. The government is supporting the testing of new technologies including emerging green technologies, as part of measures to create hotbeds for innovation see Section 3.9. In addition, there remain opportunities for Freeports to align with wider decarbonisation interventions, including the £160 million [Green Energy Fund](#) announced in October 2020 to upgrade ports and infrastructure as part of plans to make the UK a world leader in offshore wind and green energy. **As part of the assessment process, we ask bidders to outline how their Freeport ambitions support decarbonisation and how they aim to reach Net Zero carbon emissions by 2050 or earlier.** Proposals could include:

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

ii. Minimising environmental impact and other considerations

4.1.2. The government remains committed to ensuring Freeports are best-in-class for both safety and security while driving green economic growth and investment in their regions. Any UK Freeport model will ensure that the UK's high standards on the environment will not be compromised. **Freeport bids must outline how their proposals will ensure compliance with all applicable environmental regulations and standards.**

- a. Freeport bidders will be required to demonstrate how they will ensure compliance with applicable regulations as they pertain to air and water quality, the management of waste, the treatment and handling of chemicals, and any additional assessment and mitigation of impacts on protected sites and species.
- b. It is essential that Freeports are bio-secure and ensure robust adherence to sanitary and phytosanitary (SPS) standards. Defra sets policy and enforces – through the Animal and Plant Health Agency (APHA) - controls and restrictions on the import and movement of animals and animal products, certain plants, plant pests and other materials such as soil. APHA will provide future operators with guidance on adherence to SPS standards. Bids will be assessed by Defra to assure proposals are sufficient to ensure compliance with these rules.
- c. Successful bids must carry out an Environmental Impact Assessment (EIA) before planned development can proceed, if required to do so.

4.1.3. The government welcome bids which voluntarily demonstrate environmental benefits beyond regulatory baselines. This could include the provision of net gains for biodiversity, creating new

or improved green spaces for people and wildlife, tree planting, or furthering other objectives that meet local needs, as set out in the government's [25 Year Environment Plan](#).

- 4.1.4. Successful bidders will be expected to conduct an assessment of the environmental impact of their proposals as part of the Business Case process, before any public funds or tax measures are authorised. Successful bids will also be asked to demonstrate how resilience to future climate change has been considered, with reference to the latest supplementary guidance to the Green Book on 'Accounting for the Effects of Climate Change', the Environment Agency's guidance on flood and coastal erosion risk management (FCERM) and Defra's Floods Policy Statement.

4.2. Preventing illicit activity

- 4.2.1. The Freeports Consultation Response committed that Freeports will adhere to the OECD Code of Conduct for Clean Free Trade Zones and the specific anti-illicit trade and security measures therein, and that the current obligations set out in the UK's Money Laundering Regulations 2017 will be maintained.
- 4.2.2. As set out in Section 3.4, customs sites for successful bidders will need to go through HMRC and Border Force authorisation, and these bodies will be able to withhold or withdraw authorisation if individual sites have not met the required standards.
- 4.2.3. As set out in Section 3.5, the Freeport Governance Body will need to maintain a record of all the businesses operating, or applying to operate, within the tax site. This record will need to be readily accessible by HMRC, the NCA, and Border Force operatives. It will also need to be kept up to date and contain information about the beneficial owner of the business. The Freeport Governance Body will also be required to undertake reasonable efforts to verify the beneficial owner of businesses operating within the tax site. HMRC and Border Force will use this information to perform checks on the businesses, for example criminal records, before authorising operation within the tax site. There will not be a mandated form of physical security for the tax site; **however, bidders are asked to set out plans for the security of the tax site as part of bids.**
- 4.2.4. The Freeport Governance Body will also be required to actively manage security risks across physical, personnel, and cyber domains, and to work with MHCLG, HMRC, Border Force, the NCA, Home Office and other relevant agencies to conduct an annual audit of the security measures in place and any breaches.
- 4.2.5. As part of bids, **bidders are asked to set out what steps they will take to ensure that the customs sites and tax sites in their proposed Freeport will be secure against illicit activity**, including organised criminal activity, money laundering, smuggling and illegal immigration. Bidders are also asked to consider their proposed approach to inventory systems, business registration, physical security, personnel, cyber threats, international regulations (e.g. the Convention on the International Trade in Endangered Species), supply chains and customs subzones. Bidders that do not show adequate consideration of steps to prevent illicit activity will not be considered for Freeport status.

4.3. Freeport governance structures

- 4.3.1. **The government does not require bidders to have formal governance in place at the point when they bid, or win.** However, it expects and encourages Freeport bidding coalitions to form informal steering groups to help bring involved parties together, delegate the work of completing specific requirements, and shape bids collaboratively.
- 4.3.2. However, the government expects that successful delivery, implementation and monitoring of Freeports will ultimately require a per-Freeport governance structure overseeing each selected Freeport location. **Bidders are therefore requested to set out their proposals for a future Freeport Governance Body to oversee their Freeport.** The government will assess those plans using the criteria below as one part of the deliverability criterion.

4.3.3. Successful bidders will be expected to work with government to ensure that governance of each Freeport is robust. This work may involve bidders adapting all, or part, of their proposals for governance to allow the government to establish a necessary degree of consistency across projects, while preserving bidders' flexibility to make individualised proposals in this process and to respond to any specific issues they may face in providing robust governance once designated. **A small amount of short-term revenue funding will be made available to each Freeport** once locations are initially selected to help with any local governance set-up costs or coordination in their first year (see below).

4.3.4. Once set up, each Freeport Governance Body will then work with a representative of a HMG Freeport team to ensure the Freeport stays aligned with national policy and delivers on its monitoring and evaluation commitments. This HMG representative will also offer support including contacts to relevant central government departments and public sector bodies.

i. Requirements for a future Freeport Governance Body

4.3.5. When bidders set out their preferred governance structure, the government is open to any degree of formality and legal structure so long as the proposal:

- a. Provides a clear justification for the level of governance structure required to deliver the Freeport bid, with evidence of significant private sector support and inputs such as investment or land
- b. Contains a decision-making structure which preserves the local authority/MCA's ability to be meaningfully accountable for the spending of public money
- c. Meets our three core standards on:
 - i. Effective structure
 - ii. Effective personnel
 - iii. Effective functions

4.3.6. More information on standards of governance can be found in the [National Local Growth Assurance Framework](#).

ii. Incorporation

4.3.7. Depending on how a Freeport is being delivered locally, some incorporated governance structures may be worthwhile to achieve this:

- a. **Large-scale property development:** the government understands these developments require significant investment over a long period of time. Creating a legal entity that can take ownership of public and private assets to create a better proposition for investment may therefore be worthwhile
- b. **Land assembly:** if significant land assembly is required, it may be beneficial for a Freeport to seek Development Corporation status, and so gain some planning powers. Many MCA areas already have the power to create a Mayoral Development Corporation

4.3.8. However, the government recognises that incorporation poses additional cost and time constraints for bidders and the benefits of incorporation may not outweigh these. **Therefore, there is no requirement for Freeport Governance Bodies to be incorporated**, and there will be no additional benefit to Freeports who incorporate unnecessarily in the process.

iii. Accountability

4.3.9. While the Freeport Governance Body is responsible for effective delivery of the Freeport according to an economic strategy determined through the bidding process, the local authority or authorities contained within the Governance Body will be accountable to MHCLG for the expenditure and management of public money – in particular, Freeports seed capital.

- 4.3.10. The government welcomes appropriate proposals for Freeport Governance Bodies to take the form of Special Purpose Vehicles (SPVs). However, depending on the exact legal status of the SPV, it may take government longer to agree an OBC to ensure the appropriate assurance processes are in place.
- 4.3.11. However, regardless of the status of the Freeport Governance Body, **bidders should make clear in their proposal how their structure preserves the ability of a local authority to be meaningfully accountable for the purposes of spending and managing public money.**

iv. Core Governance Standards

- 4.3.12. **Bidders' proposals will need to meet our three core standards on governance: effective structure, effective personnel, and effective functions.**
- 4.3.13. The government's experience of delivering Enterprise Zones suggests these three standards are crucial for delivering successful place-based economic interventions. It will therefore assess any governance proposal against these three criteria to ensure it meets an appropriate minimum standard.

v. Effective Structure

- 4.3.14. At a minimum, proposals must:
- a. Identify a chair of the Freeport Governance Body
 - b. Be clear how decisions will be made within the Freeport Governance Body (for example: who votes, thresholds for decision-making, chair powers, powers of veto)
 - c. Be clear how the proposed structure will support effective decision-making, enabling delivery of Freeports at pace

vi. Effective Personnel

- 4.3.15. At a minimum, any Freeport Governance Body must include the port(s) involved - to ensure economic focus on port regions - and the Unitary and/or Upper/Lower tier councils where the Freeport is located - to receive and be accountable for the regeneration funding and deliver key measures. Proposals without these stakeholders will not be accepted.
- 4.3.16. Beyond this, Freeport Governance Bodies should reflect the collaborative bidding coalition required to fully deploy the wide range of Freeport measures offered in order to deliver the Freeport policy objectives. The government therefore encourages bidders' proposals to include representation from the following 6 groups of stakeholders if and where possible:
- a. Any landowners who own land on which tax and customs sites are designated
 - b. Any operators of customs sites
 - c. Firms, investors and public sector bodies who do or will operate within customs and tax sites (or have proposed their existing sites as subzones)
 - d. The MCA or - where an MCA does not exist - the LEP
 - e. The local MP (or MPs)
 - f. Innovation stakeholders such as universities, Catapult centres or business support hub leads from an MCA/LEP/council
- 4.3.17. As part of our assessment criteria, bids that demonstrate the support of these groups and their inclusion in a Freeport Governance Body, with clear rationale for their role in delivery of the Freeport, will be rewarded in the assessment process.
- 4.3.18. However, to ensure streamlined decision-making in Governance Bodies, any proposal for a board with more than 12 permanent members will be disadvantaged in the bidding process unless it provides clear justification for its size (for example, a complex bid

from multiple ports including multiple port operators, landowners and councils). Co-optees on boards beyond the 12 permanent members are also permitted so long as they are time-limited and clear justification for their presence is provided.

4.3.19. In addition, proposals which set out the Freeport Governance Body's commitment to diversity in line with clauses 78 and 79 of the National Local Growth Assurance Framework will be rewarded in the marking process.

vii. Effective Functions

4.3.20. At a minimum, Freeport Governance Bodies must be able to complete the following eight functions:

- a. Market the Freeport effectively to procure private investment into the Freeport
- b. Provide appropriate support to investors who commit to the Freeport to help deliver their investment
- c. Make use of the public Freeport measures provided to deliver a Freeport (such as regeneration funding and Local Development Orders)
- d. Provide an innovation function which:
 - i. supports innovative businesses where they require input
 - ii. coordinate and facilitate submissions for place-based innovation or challenge funds and regulatory support from Freeport firms
- e. Monitor and maintain integration with local economic strategies
- f. Formally report to MHCLG through the area lead periodically and at least annually on how the Freeport is delivering on the strategy set out in their winning bid
- g. Comply with MHCLG's requirements on monitoring and evaluation (such as data collection and provision regarding new jobs, businesses created and private investment attracted)
- h. Actively manage security risks across physical, personnel, and cyber domains, and work with MHCLG, HMRC, Border Force, the NCA, and Home Office to conduct an annual audit of the security measures in place and any breaches

4.3.21. The government is open to suggestions from bidders as to how best to achieve these eight functions. It also welcomes governance proposals with additional functions so long as those functions are justifiably demonstrated to be facilitating a successful Freeport.

viii. Capacity funding and support

4.3.22. A small amount of short-term revenue funding will be made available to each Freeport, once locations are initially selected, to help with any local governance set-up costs or coordination in their first year. For example, this could include the forward funding of a Freeport secretariat and coordinator.

4.3.23. In addition, the government believes Freeports will likely experience similar challenges in developing appropriate governance structures or delivery vehicles. To ensure these challenges are addressed quickly, government will contract some additional support centrally, which will be available to Freeports once they are initially selected.

4.4. Management and capability

4.4.1. Bidders will also need to set out the robust arrangements they will put in place to ensure successful delivery of their Freeport project at pace. Bidders should evidence that delivery of the Freeport will be managed in accordance with best practice, with the necessary arrangements put in place for managing risk.

4.4.2. **To do this, bidders should provide:**

- a. An implementation plan
- b. A risk management framework
- c. A written submission on management and capability
- d. Contact details for the Senior Responsible Officer for the programme

i. Implementation Plan

4.4.4. **Bidders must provide an implementation plan for the steps which must be completed in order to apply the Freeport measures, complete required development and deliver their Freeport strategy.** It should describe how, when and by whom the specific milestones or set of targets required to deliver the bidders' Freeport strategy will be achieved. The most up-to-date version of this plan should be summarised and attached in the bid.

4.4.5. At a minimum, this implementation plan should include:

- a. the outcomes to be delivered, and by when
- b. the activities and milestones required to deliver them
- c. when activities will occur

4.4.6. Exceptional bids will also provide significant detailed analysis of how the identified project milestones will be delivered to timescales, costs and quality, including:

- a. the resources and time needed for all activities, and any need for people with specific capabilities and competences
- b. the dependencies between activities and associated constraints
- c. the points at which progress will be monitored, controlled and reviewed

ii. Risk Management Framework

4.4.8. **Bidders should provide a short risk management framework for identifying, mitigating and managing risks throughout the delivery of the Freeport,** including a risk register spelling out any initial key risks identified. This framework should establish an organisational culture that supports well-thought-out risk-taking and innovation to ensure that Freeports are ambitious and successfully achieve their objectives.

4.4.9. The risk management framework should outline appropriate arrangements for the management of these risks, such as the respective roles and responsibilities of those in the Freeport Governance Body.

4.4.10. The register should indicate how the risks identified are to be mitigated and managed. It should be updated and reviewed continuously throughout the course of the project.

iii. Written Submission

4.4.11. **At a minimum, bidders should provide a firm written commitment from the port and the associated local authority and local political leaders to support their private sector partners in the effective, timely delivery of the Freeport;** specifically, to implement any Local Development Order (or equivalent) and support Freeport development through a supportive planning environment.

4.4.12. Bidders looking to demonstrate high levels of management capability should provide a broader written submission contextualising their delivery plan, which sets out:

- a. Greater detail regarding the choice of milestones
- b. Greater evidence on timings

- c. Greater detail on costs
- d. Greater detail on how the programme will effectively manage delivery risks and issues, including unexpected rising costs
- e. Greater evidence on contingency arrangements and plans if any risks identified are realised

4.5. Equalities impact

- 4.5.1. When formulating a policy proposal, the government is required to have due regard to the Public Sector Equality Duty (PSED) as laid out in the Equality Act 2010. The duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity and foster good relations between people with different protected characteristics when carrying out their activities.
- 4.5.2. The government has considered equalities impacts in line with its responsibilities. However, the decision about where Freeports are allocated could have equalities implications. The government is committed to the location of Freeports advancing the equality of opportunity and fostering of good relations for people of protected characteristics (age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; sexual orientation). **Bidders should make any relevant representations on impacts on people with different protected characteristics to assist the government's ongoing assessment.**

4.6. Monitoring and evaluation

- 4.6.1. Rigorous monitoring and evaluation will be key to the success of Freeports. In the Consultation Response the government signalled its intentions of embedding monitoring and evaluation into the bidding process.
- 4.6.2. Freeports will need to collect data on reliefs and their realised outcomes, including monitoring the effectiveness of tax. **Bidders will need to provide details on their plan for collecting this data.** This should include a point of contact, resourcing and funding to collect data in Freeports.
- 4.6.3. The government's focus is to encourage business investment and create new economic activity in Freeports, rather than displacement of local economic activity from deprived areas. Bidders will be asked to demonstrate how they will collect data on this local displacement. Bidders will be encouraged to share their plans for monitoring and mitigating displacement of local economic activity from deprived areas.

Section 5

Bidding

- 5.0.1. In its manifesto, the government committed to deliver up to ten Freeports. In the Consultation Response, it declared itself open to designating a limited number of additional Freeports if sufficient exceptional proposals were presented, rather than applying a firm cap of ten. This commitment remains.
- 5.0.2. The government has also always been clear that the number of Freeports must ultimately be limited to control costs and maximise agglomeration benefits, and that its preferred method of allocating those limited designations is via an open, transparent, competitive bidding process. This chapter sets out for bidders exactly how that process will work.

5.1. The Freeport bidding process

- 5.1.1. Bidders must develop a proposal for a Freeport which delivers outputs that support the outcomes associated with the government’s objectives (set out in Section 2), by making use of the powers, tax reliefs and funding streams (set out in Section 3). They should demonstrate their ability to deliver this proposal effectively at speed (meeting requirements set out in Section 4).
- 5.1.2. All bids must be submitted via [the online portal](#).⁴ Bidders should answer all questions set out by the online portal and follow instructions provided. Details of the information that bidders will need to provide are set out in Sections 5.5 and 5.6 below. If you are having technical difficulties with the portal, please contact Freeports-MHCLG@communities.gov.uk, quoting in the subject line the unique reference number you will be assigned on the portal landing page and your bid name. You will be issued a new unique reference number each time you start a bid, so it is important that you save your bid with the ‘Save and Continue Later’ button if you do get in touch or if you plan to have multiple people contributing information to the portal. This will ensure we are able to match anything you email us to your submission through the portal.
- 5.1.3. The bidding process will follow the following structure and timeline:

Date	Milestone
21 December 2021	Any potential bidders will be able to contact Freeports-MHCLG@communities.gov.uk to request clarification on any of the content of the Bidding Prospectus until 21/12/2020. A summary of answers will be published online no later than 15/01/2020. All questions and responses will be public, and individual correspondence will not be entered into, so bidders should not include any commercially sensitive information. Bidders can register for updates via this form .
February 2021	Bidders will provide the information described in Sections 5.5 and 5.6 to MHCLG via the online form by 12.00 noon on Friday 5 February 2021.
March 2021	Essential information submitted by bidders will firstly be assessed by officials according to pass/fail criteria set out in Annex A. Bids which pass these will then have their entire submission (including the detailed bid information) assessed against 5 criteria (see 5.2.4). Based on this assessment, officials will then present a longlist of appointable candidates to ministers (see 5.2.6).

⁴ <https://www.smartsurvey.co.uk/s/freeports/>

Spring 2021	Ministers will make the final decision on the successful Freeport locations, taking into account officials' assessments and the additional rationale stated below. Successful bidders will be announced. Once successful bidders are announced, MHCLG will publish the rationale for their selection under this process.
Summer 2021	Successful bidders will: <ol style="list-style-type: none"> 1. Receive funding to support them to set up their Freeport Governance Body, and work with MHCLG to do so 2. Develop an Outline Business Case for the regeneration funding in line with HMT Green Book guidance, which will be submitted for government approval; support will be provided by MHCLG officials, other departments with relevant expertise, and contractors 3. Work with HMT and HMRC to review and confirm the boundaries of their proposed tax sites, prior to approval and commencement of tax measures 4. Begin the HMRC-run authorisation process for operators to run customs sites, and for businesses to operate within them (in order to obtain authorisation bidders may need to make investments to meet the requirements for HMG authorisation) The government may also publish further guidance at this stage.
2021-2022	Depending on the Value for Money of Outline Business Cases, Full Business Cases will either be assured locally or with MHCLG. Successful assurance will result in a Section 31 grant being made to the supporting local authority. Subject to the passage of legislation relating to tax and customs benefits (e.g. the designation of the proposed tax and customs sites), relevant benefits will become available at this point.

5.2. Bid assessment

- 5.2.1. Bidders must provide the information requested so the government can fairly and effectively assess all bids. It expects and encourages Freeport bidding coalitions to delegate responsibility for developing different parts of the bidding information to different parties - whether ports, local authorities or other members of the Freeport bidding coalition - where appropriate, to help coalitions manage workloads and submit the best possible bid. Bidders must provide one bid per proposed Freeport, with information in response to two sets of questions (both via the online portal):
- a. **Essential information**, set out in Section 5.5 – this is the minimum information necessary to adequately define the extent of the Freeport
 - b. **Detailed bid information**, set out in Section 5.6 – this covers the proposals for the implementation and delivery of the Freeport
- 5.2.2. The essential information set out in 5.5 includes a definition and justification for the Outer Boundary of the Freeport and site locations, as well as confirming compliance with essential regulatory criteria. The information provided by bidders will be subject to a pass/fail assessment. **Bidders who do not provide this information or meet these requirements will fail the initial pass/fail assessment and will not be assessed any further.** The pass/fail descriptors are in the Mark Scheme at Annex A.
- 5.2.3. Where a bidder's response provides all the information required under 5.5 to a satisfactory level, we will then assess the information provided as part of 5.6.
- 5.2.1. The responses to questions contained within 5.6 will be scored as "low", "medium" or "high", in accordance with the mark scheme at Annex A, and then aggregated by a weighted average to create the assessment against each of 5 criteria:
- a. Ability to deliver the objective "Establishing national hubs for global trade"

- b. Ability to deliver the objective “Regeneration and levelling up”
- c. Ability to deliver the objective “Creating hotbeds of innovation”
- d. Deliverability of proposal effectively at pace
- e. Level of private sector involvement in the proposal

5.2.2. This will result in an assessment as “low”, “medium” or “high” against each of 5 criteria. The weighting that each question will bear in determining the assessments against each of the criteria is set out in Section 5.6. In marking the answers to the questions, the government will also consider any relevant information provided in 5.5, as well as any publicly available data (e.g. the Index of Multiple Deprivation) to test any assertions in the answers provided.

5.2.3. All of these assessments will be shared with ministers, for all bids that pass the assessment of 5.5. However, ministers will choose from a list of appointable bids, and bids will only be presented to ministers as being appointable if they achieve, at a minimum, all of the below:

- i. At least a “medium” on the government’s lead criterion, “regeneration and levelling up”
- ii. No more than one “low” across the five criteria
- iii. A “high” on at least one criterion

5.3. Bid selection

5.3.1. Ministers will meet to discuss the selection of successful bidders from the appointable list based on assessment against the five criteria set out in 5.2.4. In addition to the assessment criteria at 5.5 and 5.6, ministers will also factor into their decision-making context-sensitive information that impacts upon the objectives of the Freeport policy. These factors are limited and so the relevant additional considerations that may be considered are:

- a. Context which may change by 2021:
 - i. Accounting for changing regional economic trends in light of Covid-19 and the end of the Transition Period
 - ii. Aligning with future publications regarding the levelling up, Industrial Strategy, English devolution and planning agendas
 - iii. Aligning with subsequent government investments made since November 2020
- b. Context ministers can only account for once all proposals are received:
 - i. Reserving the right to select multiple nationally exceptional proposals from the same Local Enterprise Partnership (see paragraph 3.1.29)
 - ii. Ensuring that Freeports are spread fairly across England
 - iii. Prioritising proposals with a “high” assessment for the regeneration criterion (the lead objective) when choosing between similar appointable bids
 - iv. Reserving the right to select exceptional proposals without existing customs infrastructure or with overly expansive plans (e.g. sites beyond the Outer Boundary limit)

5.3.2. If a tax or customs site in a Freeport bid is located within a minister’s constituency, or a member of a bidding coalition pertains to a minister’s personal or business interests, the minister will act in line with the Ministerial Code. Ministerial decision-making will only take into account officials’ assessments and the additional rationale stated in paragraph 5.3.1.

5.3.3. After the government announces the successful bidders, MHCLG will publish the rationale behind their selection according to the process laid out in this chapter.

5.4. Post-assessment steps for successful bidders

- 5.4.1. Successful bidders will use the proposals set out in their bid as the fundamental basis for an Outline Business Case, which will need to be approved before seed funding can be released.
- 5.4.2. In order to allow well-prepared bidders to progress as quickly as they are able, the government will assess the Outline Business Case with the most advanced bids first. In turn, this will give less-developed Freeports the opportunity to improve their proposals, working closely with the capacity support detailed in Section 4.3.3.
- 5.4.3. An Outline Business Case will give further information on how the proposal will be delivered. In particular it will:
 - a. Set an outline allocation of Freeports seed capital
 - b. Set an outline allocation of further technical and capacity support
 - c. Define the zones in which tax reliefs will apply
 - d. Confirm local commitments of funding, planning, and other resources
 - e. Set a deadline by which the Full Business Case should be developed

5.5. Essential Information required from bidders

#	Question	Question Type	Word or file limit	Document reference / paragraph
1.1	Please submit a proposed name for your Freeport. This should clearly distinguish it from any other potential Freeport proposals.	Short text box	-	-
1.2	Provide name and contact details for the Senior Responsible Officer for the programme. NB: This will be the key point of contact for the government.	Short text box; email; address; tel.	-	-
1.3	Please upload the following pdf files legible at A3: <ul style="list-style-type: none"> One map showing your Freeport outer boundary, no points on which should be more than 45km apart, and the locations of the tax site(s), customs sites, and any other sites which make up the bid (e.g. infrastructure projects) One map per customs zone defining its boundaries One map per tax site defining its boundaries (sites must be single and individual) 	Upload .pdf legible at A3	50MB	3.1.4/5/19 and 3.6.5
1.4	Please also email an ESRI Shapefile or Vector Geopackage version of each map uploaded at 1.2 to Freeports-MHCLG@communities.gov.uk	Email submission of ESRI Shapefile or Vector Geopackage	-	3.1.4/5/19 and 3.6.5
1.5	Please confirm you have communicated your plans to the landowners impacted by your proposed tax site.	Y/N	-	-
1.6	For each customs site, please upload a signed letter from the site operator confirming that: <ul style="list-style-type: none"> They are willing to be included in the bid They are aware that, should the bid be successful, as site operator, they will be required to obtain the relevant authorisations from HMG before the site can be designated as a customs site They are willing to undergo the authorisation process <p>If the operator already has HMG customs authorisations they should state this in the letter.</p>	File upload	50MB	3.1.12
1.7	Please upload written confirmation of support for your bid from your local authority or local authorities and (if you have their endorsement) Local Enterprise Partnership (LEP).	File upload	1	3.1.29

	<ul style="list-style-type: none"> The letter must be signed by the leader of each local authority that is responsible for planning and business rates collection in whose area any of the proposed Freeport sites will sit. The letter should commit their full support and agreement to the proposed bid specifically those areas for which they have statutory responsibility including planning and business rates to ensure the delivery of the proposal. The letter should be also signed by the MCA and/or LEP to confirm their support for the bid and detail its alignment with the delivery of the areas prevailing economic strategy. Where relevant, the letter should be signed by the leader of each local authority that is responsible for transport. For example, the County Council or MCA. 			
1.8	Is your bid a cross-border bid? If so, is any of the land covered by your bid also subject to a Freeport bid in another nation?	Y/N	1	1.2
1.9	Does your Freeport propose any secondary customs sites outside the Outer Boundary?	Y/N	1	3.1.6
1.10	Explain how your Freeport Outer Boundary represents a credible, coherent economic geography? Please provide clear rationale.	Free text	500	3.1.7
1.11	<p>Please provide rationale for the primary customs site and any subzones, including:</p> <ul style="list-style-type: none"> What you expect each customs site to be used for? What outputs/benefits do you expect each site to generate? How do they relate to each other and the wider Freeport? 	Free text	500	3.1.9/14
1.12	Please set out how you will meet the minimum standard of security and infrastructure required in customs and tax sites before being able to operate as a Freeport, as referred to in the prospectus.	Free Text	500	4.2.5
1.13	Please provide clear economic rationale for the tax site, including: an explanation for the proposed location and why it represents good value for money, how tax measures will generate additional economic activity, how your proposed sites meet the criteria for being underdeveloped.	Free text	500	3.1.23
1.14	How does the tax site's location mitigate displacement of local economic activity from deprived areas?	Free text	500	3.1.26

5.6. Detailed bid information requested from bidders

#	Question	Question Type	Word or file limit	Document reference / paragraph	Weighting
2	Criteria A, B and C: Ability to deliver against the objectives				
2.1	Please supply a diagram of a logic model which gives an overview of the links between the activities and inputs, outputs, outcomes and impact of your proposed Freeport model. <i>Guidance: Innovate UK⁵, DFID 2011⁶, DfT 2010⁷, ODPM 2004⁸</i>	File Upload	50 MB	2.4/ figure 2.5.1	See 2.2
2.2	Referring to the logic model, please explain how your Freeport proposal will meet the objectives of the policy and achieve the desired outcomes listed in this prospectus? As part of your answer, please cover: <ul style="list-style-type: none"> Why a Freeport is the right public intervention for your proposed location, including any local economic strengths or strategies that your proposal will build on and any identified economic needs or market failures you expect to remedy How the outputs you expect your Freeport proposal to generate will support or enable the key outcomes associated with this objective <p>Note - your answers to 1.10, 1.11, 1.12, 1.13 and 1.14 above will all be considered as part of the assessment of this answer in addition to this answer. You do not need to repeat information from those questions in this answer.</p>	Free text	3000	Section 2	<p>100% of Criterion A: Ability to deliver the objective "Establishing national hubs for global trade"</p> <p>100% of Criterion B: Ability to deliver the objective "Regeneration and levelling up"</p> <p>100% of Criterion C: Ability to deliver the objective "Creating hotbeds of innovation"</p>
3	Criterion D: Deliverability of proposal effectively at pace				
3.1	Describe how the local authority will create an appropriate planning environment to ensure the quick and efficient delivery of the Freeport proposal, including delivery of key investment proposals within this bid?	Free text	750	3.6.7	10% of Criterion D

⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/681741/17.3253_Innovate_UK_Evaluation_Framework_RatherNiceDesign_V2_FINAL_WEB.pdf

⁶https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/49551/DFID-approach-value-money.pdf

⁷<https://www.gov.uk/government/publications/logic-mapping-hints-and-tips-guide>

⁸<https://www.gov.uk/government/publications/green-book-supplementary-guidance-regeneration-and-the-regions>

3.2	Please outline the minimum viable version of your investment proposal, including costs, the sources of funding that will meet those costs (for any borrowing please identify who will undertake the borrowing), and the expected outputs/benefits. Please show how you will make use of retained business rates.	Table	-	3.7.1 - 3.8.3; 3.10.1	5% of Criterion D
3.3	Please outline your preferred investment proposal , including costs, the sources of funding that will meet those costs, (for any borrowing please identify who will undertake the borrowing) and the expected outputs/benefits. Please show how you will make use of retained business rates.	Table	-	3.7.1 - 3.8.3; 3.10.1	10% of Criterion D
3.4	Please provide evidence of the commercial demand for the relevant outputs under your proposal.	Free text	250	3.7.1 - 3.8.3	5% of Criterion D
3.5	Please tell us how you are modelling future income from locally retained business rate growth and how you will apportion it (of particular importance if your tax site crosses multiple local authorities).	Free text	250	3.5.23	5% of Criterion D
3.6	Please set out how you would make use of the innovation levers, including: <ul style="list-style-type: none"> ambition and initial ideas for how innovation funding could be delivered as part of your Freeports proposals, including any industry commitment to invest in innovative activity or the testing of new technologies in Freeports plans to work with academic institutions and link into existing innovation structures where appropriate to establish Freeports as collaboration hubs how you would look to take advantage of the Freeports Regulatory Engagement Network 	Free text	750	3.9	10% of Criterion D
3.7	What considerations and mitigating actions will be taken into account for potential negative externalities (including the displacement of local economic activity from nearby deprived areas) affecting your site and/or the surrounding area resulting from the introduction of the Freeport? Reference your answer to 1.17 if appropriate.	Free text	250	3.1.26	5% of Criterion D
3.8	Please describe how your Freeport proposal will support the delivery of the UK's Net Zero ambitions.	Free text	500	4 (and 2.3.2).	5% of Criterion D
3.9	Please explain how your proposals will ensure compliance with all applicable environmental regulations and standards.	Free text	250	4.1.1	5% of Criterion D
3.10	Please outline the expected impact of your proposal on people with protected characteristics, using statistics where possible.	Free text	250	4.5	5% of Criterion D
3.11	Describe the governance arrangements for the delivery of the Freeport proposal.	Free text	750	4.3	10% of Criterion D

3.12	Please describe the management arrangements for the delivery of the Freeport proposal, this should including any key staffing appointments.	Free text	250	4.4.11	5% of Criterion D
3.13	Please provide a risk assessment of the barriers to implementation of your proposal.	Free text	250	4.4.4	5% of Criterion D
3.14	Please describe your Monitoring and Evaluation plans	Free text	250	4.6	5% of Criterion D
3.15	Please upload an Implementation Plan covering milestones, timelines, critical interdependencies, and sequencing. This could take the form of a pictorial diagram, Gantt chart, timeline, flowchart or other graphical representation.	Upload, 1 side legible at A3	50MB	4.4.3	10% of Criterion D
4	Criterion E: A high level of private sector involvement in the proposal				
4.1	Please describe the main investments you will make to deliver the Freeport, including requests for Freeports seed capital, council borrowing, private investment and any other strategically aligned public investment made by the LEP, council or national government.	Free text	250	3.10	40% of Criterion E
4.2	Please detail any complimentary investments that have been secured over the past 5 years or are currently under consideration from external funders, that support the delivery of your proposal.	Free text	1000	3.10	20% of Criterion E
4.3	Describe the primary types (including size and sector) of business: <ul style="list-style-type: none"> • That are part of your bid • That you will aim to attract 	Free text	500	2.1.8	20% of Criterion E
4.4	Please choose from the following Sector list (SIC Codes) those business types: <ul style="list-style-type: none"> • That are part of your bid • That you will aim to attract. 	Select from the ONS SIC	Maximum 10	2.1.5	
4.5	Please outline what specific trade and investment support measures you feel would benefit a Freeport in your area, and any support needed from existing DIT services to deliver this.	Free text	250	3.3.1	20% of Criterion E

Annex A – Mark scheme

The essential information required from bidders (Section 5.4) will be marked as pass or fail according to the following schema:

<i>Mark</i>	<i>Descriptor</i>
Pass	The bidder has submitted all of the information requested and the response clearly meets the specifications set out in the prospectus, including providing evidence of a strong rationale where the proposal exceeds the default limits (e.g. for any customs sites outside of the Outer Boundary).
Fail	The bidder has either not submitted all of the information requested, the response does not meet the specifications set out in the prospectus, or there not sufficient evidence of a strong rationale where the proposal exceeds the default limits (e.g. for any customs sites outside of the Outer Boundary).

The detailed bid information requested from bidders (Section 5.5) will be marked according to the following schema:

<i>Mark</i>	<i>Descriptor</i>
Low	A poor response with material concerns that the proposal will not achieve a standard required to meet the criterion
Medium	A good response that meets the requirements with robust supporting evidence. Demonstrates good understanding of the levers, outputs and objectives.
High	An outstanding response that meets the requirements. Indicates an excellent understanding of the levers, outputs and objectives with detailed supporting evidence and no weaknesses, resulting in a high level of confidence that the proposal will achieve a standard required to meet the criterion.

Annex B - Privacy notice

Personal data

The following is to explain your rights and give you the information you are entitled to under the Data Protection Act 2018.

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally), not the contents of your Freeport application.

1. The identity of the data controller and contact details of our Data Protection Officer

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller.

The Data Protection Officer can be contacted at dataprotection@communities.gsi.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the Freeport bidding process, so that we can contact you regarding your bid and for monitoring purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

GDPR Data protection legislation sets out when we are lawfully allowed to process data.

The lawful basis that applies to this processing is public task 6(1)(e); that processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller; data being processed belongs to business contacts processed during the routine course of business of a government department.

4. With whom we will be sharing your personal data

As part of the process of selecting and monitoring Freeports, the Ministry of Housing Communities and Local Government will share your personal data with relevant government departments including:

- Her Majesty's Treasury (HMT)
- Her Majesty's Revenue and Customs (HMRC)
- Home Office/Border Force
- Department for Business, Energy and Industrial Strategy (BEIS)
- Department for Environment, Food and Rural Affairs
- Department of International Trade

The data may also be shared with contractors, where they are used for monitoring purposes, to evaluate the programme. Their contract will set out what they are permitted to do with personal data.

5. For how long we will keep your personal data, or criteria used to determine the retention period

If your bid is successful, your personal data will be held for up to ten years from the closure of the bidding process. As part of the monitoring process, we will contact you regularly to ensure our records are up to date and will erase your personal data upon request or should you no longer be involved with the Freeport.

Should your bid be unsuccessful, we will erase your personal data.

6. Your rights, e.g. access, rectification, erasure

The data we are collecting is your personal data, and you have considerable say over what happens to it.

You have the right:

- a. know that we are using your personal data
- b. see what data we have about you
- c. ask to have your data corrected, and to ask how we check the information we hold is accurate
- d. complain to the ICO (see below)

7. Sending data overseas

Your personal data will not be sent overseas.

8. Automated decision making

Your personal data will not be used for any automated decision making.

9. Storage, security and data management

Your personal data will be stored in a secure government IT system.

Making a complaint

If you are unhappy with the way the department is using your personal data, you can [make a complaint](#).

You have a right to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can also contact the ICO for independent advice about data protection, privacy and data sharing. The ICO's contact details are provided below.

The Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow, Cheshire,
SK9 5AF

Telephone: 0303 123 1113 or 01625 545 745
<https://ico.org.uk/>

HM Treasury contacts

This document can be downloaded from
www.gov.uk

If you require this information in an alternative format or have
general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk

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