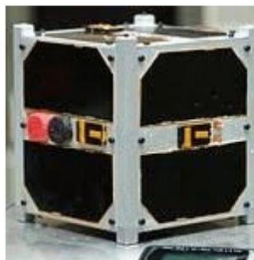
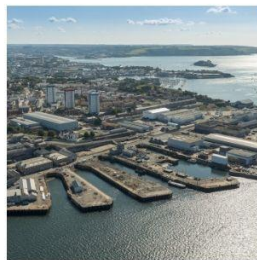


Plymouth and South Devon Freeport

**Supercharging the South West economy
by building on our unique national
capabilities in marine, defence and space
to form globally impactful clusters and a
UK Innovation Superpower.**



- **SW Powerhouse** – realising the region’s full potential through the Freeport opportunity and thereby amass defence, marine and space primes and their rich local supply chains around the largest UK Naval port and near Europe’s only horizontal launch spaceport.
- **Levelling Up Stimulus** – driving much needed local skills, jobs and higher wages.
- **Innovation Hotbed** – fusing already strong innovation in marine, defence, space and enabling technology – with global leading projects and prototyping on synthetic testbeds and ocean proving grounds – spinning off viable products and early stage production runs in a supportive tax and regulatory environment.
- **Sub-sector Specialism** – marine autonomy, maritime decarbonisation, digital oceans, smart port and shipping, Offshore Renewable Energy support solutions, defence mission modules, small satellite fabrication.

Plymouth and South Devon Freeport

Plymouth and South Devon Freeport Partners



Delivering a major uplift in private and public investment to build a more resilient, sustainable and productive future.

Publicly Facing Version of the Plymouth and South Devon Freeport Full Business Case: Purpose of this Document

Following a successful bid to Government for Freeport status, a Full Business Case (FBC) for the Plymouth and South Devon (PASD) Freeport was originally submitted in April 2022 and approved in October 2022. Centred around our unique national capabilities and clusters in marine, defence and space with low carbon applications, the FBC was designed to demonstrate to Government how PASD can deliver against the core objectives for Freeports to:

- Create national hubs for Trade & Investment;
- Promote regeneration and job creation; and,
- Create hotbeds for innovation.

The FBC responded to a specific set of Freeport guidance and criteria which shaped how the opportunity could be developed. We were required to present our vision in accordance with the HMT Treasury Green Book structure which is based on five ‘cases:’

- **The Strategic Case** – demonstrating that the intervention is needed;
- **The Economic Case** – demonstrating that the intervention provides Value for Money;
- **The Financial Case** – demonstrating that the intervention is affordable;
- **The Commercial Case** – demonstrating that the intervention is viable; and,
- **The Management Case** – demonstrating that the intervention is deliverable.

As part of this process, we were required to model and master-plan likely scenarios for each tax and customs site included within the submission, making assumptions about how they could be brought forward. A number of options were explored for each site. In some cases, our assumptions were based on existing plans for redevelopment. In other cases, assumptions were more speculative, based on potential operations suited to the Freeport offer, our sectoral focus, likely market demand and interest expressed by potential investors as opposed to firm commitments.

Importantly, these assumptions fed into the modelling which underpins the economic and financial cases presented within the FBC. This modelling also forecasts the potential outcomes that could be unlocked through the Freeport which may be achieved to a greater or lesser extent.

In order to make a compelling case for Freeport designation, the FBC that was submitted to Government by necessity contained a range of commercially sensitive information. For the purposes of this publicly facing version of the document, this information has been removed. However, it retains the core content and context presented in each of the Green Book cases.

It should also be noted that the material presented in this document was accurate at the time of submission and has not been updated since then. We have moved forward on a number of core activities through our mobilisation phase which are not reflected in the FBC, with the Freeport Company and associated board structures having now been established. This has enabled us to start building on the hard work that went into securing Freeport designation, working with our partners to leverage exciting new opportunities for the area.

EXECUTIVE SUMMARY

The Freeport represents a unique opportunity to level up, address historical challenges and leverage exciting new opportunities to transform the economy of Plymouth and South Devon (PASD).

The PASD catchment area has strong advanced manufacturing and engineering clusters with key specialisms in marine and defence which can capitalise on major growing global markets. Spaceport Cornwall provides a new substantial prospect to establish a space cluster alongside these core regional capabilities. There are a range of opportunities within these sectors to put the area on the map as a science superpower, for example in marine autonomy and renewables. This will contribute to key national net zero agendas including short sea shipping within a smart port, autonomous and clean propulsion setting.

The catchment area benefits from a range of natural and physical assets including:

- A natural harbour and sheltered water with deep water access to the English Channel and Atlantic Ocean for prototype testing, ocean trials and offshore renewable support;
- One of the largest naval bases in Europe with unique nuclear defence capabilities that allows for new applications, shipbuilding, transformative refits and on-shoring of specialist supply chains;
- The UK's first marine Enterprise Zone (EZ) at Oceansgate, underpinned by the Oceans Futures regional programme for sub-sector specialisms and focused marine innovation;
- World class businesses and research assets in marine autonomy and marine renewables with a plethora of high value and innovative civil and defence applications;
- The UK's first 5G connected ocean trialling area (Smart Sound) with plans to expand along coast and to subsea obstacle course and testbeds;
- Established freight routes through the Port of Plymouth with scope for growth with new routes and further rotations;
- Valuable waterside development sites with the potential to support marine/defence innovation and high value shipbuilding;
- Significant development sites within the Eastern corridor and favourable planning policies through the Joint Local Plan;
- A major arterial road (A38 Devon Expressway) linking to the M5; and,
- In neighbouring Cornwall, Spaceport Cornwall providing the first and only horizontal launch site in mainland Europe allowing for a satellite high value manufacturing and system integration cluster to form.

With a proactive knowledge base including the universities of Plymouth and Exeter and a range of local colleges, there is a strong commitment to skills development, innovation and maximising R&D opportunities. However, despite these assets, there are comparatively low numbers of exporting businesses, low levels of innovation/R&D currently and skills deficits in key disciplines within the workforce. Additionally, there is a lack of modern workspace for businesses: the area suffers from major viability constraints which inhibit the private sector from bringing forward employment land. This lack of investment in infrastructure and employment space impedes business clustering opportunities for sub-sector specialisms and focused innovation. This in turn holds back plans to transform the economy through clean and inclusive growth.

The Freeport provides a unique opportunity to overcome these issues through:

- **Physical regeneration** – by delivering infrastructure to unlock key employment sites and innovation assets, supporting business clustering and clean growth opportunities;
- **Economic regeneration** – by delivering inward investment, supply chain opportunities and productivity gains within identified growth sectors; and,
- **Social regeneration** – by delivering a pipeline of jobs across the spectrum of employment from entry level to higher skilled/high value with upskilling opportunities.

The Freeport builds on existing investments and assets and will specifically enable land remediation, core infrastructure and supporting transport works to be undertaken to develop three core sites that have long remained undeveloped and underutilised. These will create the opportunity for businesses to benefit from customs facilities and tax incentives in order to achieve a post-tax return on capital through the supply chain and economy:

- **The South Yard site** – located near the Port, is adjacent to the existing Oceansgate Enterprise Zone and will be developed as a tax site, expanding the existing Oceansgate footprint and forming the centrepiece of the Freeport's Innovation Hotbed. Focusing on marine and defence sectors, the site will include an Innovation Centre and a Mobility Hub to unlock further development. Anchor tenantⁱ, Princess Yachts, will develop a new factory on land which they already own within the site and other current occupiers are considering plans to repurpose and redevelop key buildings and other infrastructure for new manufacturing capacity;
- **The Langage site** – located on greenfield land within the Eastern corridor of the city, in close proximity to the A38 Expressway, is a strategic employment allocation. It will be developed as a tax site with a customs site incorporated within it and will provide industrial and manufacturing as well as light industrial units for high value manufacturing/ engineering companies, focusing primarily but not exclusively on the marine, defence and space sectors. The site will also be home to a Green Hydrogen Electrolyser being developed by landowner Carlton Power and a Mobility Hub to deliver sustainable and low carbon transport options; and,
- **The Sherford site** – located on the opposite side of the A38 Expressway to Langage, Sherford forms part of the employment allocation of the Sherford new community. Plans are being considered to develop the site for logistics purposes with a coterminous tax and customs site boundary, providing warehousing, storage and engineering space, which in turn could unlock wider growth elsewhere in Plymouth. Proposals are being considered and progressed in the shorter term for a smaller customs site on the Burrington Way Industrial Estate in the North of Plymouth. Though sitting outside of the main tax site boundaries, it will nevertheless form part of the Freeport footprint, enabling immediate needs to be met.

Seed capital will also support enhancements at the Port to enable the value and tonnage of cargoes to be expanded, thus supporting short sea shipping and an associated modal shift.

Underpinning the above, the Freeport will work with the Department for International Trade (DIT) on national and global strategic marketing to attract investment into the area and stimulate exporting through the DIT Export Academy. Gateway Policies will ensure that businesses locating in the Freeport are not displaced from elsewhere in the UK, thus delivering additionality.

Freeport partners have developed a bespoke Innovation Strategy, engaging with the Freeport Regulation Engagement Network (FREN)ⁱⁱ on regulatory flexibilities and freedoms. A Skills Plan will also underpin all activities, ensuring that partners can accelerate higher value employment and training opportunities whilst also enabling new employment and inclusion opportunities, education and career options and wider supply chain innovation activity. Subject to securing additional

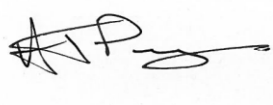
funding, a marine skills academy will provide specialist facilities capable of delivering the volumes of relevant training required in key disciplines.

The Freeport has strong alignment with local and regional agendas and will help to deliver tangible outcomes in core government policy areas:

- **Creating a national hub for trade and investment** – delivering an increase in trade throughput and piloting short sea shipping, reducing freight transport emissions, improving regional connectivity, increasing FDI and investment, as well as increasing the number of businesses exporting;
- **Promoting regeneration and job creation** – increasing economic specialisation, delivering an increase in employment and average earnings, tackling deprivation and enhancing skills facilities; and,
- **Creating a hotbed for innovation** – increasing R&D spend, boosting GVA through increasing high value economic activity, increasing productivity, contributing to net zero research and innovation agendas and extending regional, national and international networks.

The Freeport will deliver 3,584 jobs and represents good value for money. Proposals are also backed by businesses with key resident enterprises having committed to investing in the Freeport and a strong pipeline of interest in the opportunity having been established.

******PUBLICLY FACING VERSION OF THE FULL
BUSINESS CASE WITH ALL COMMERCIALY
SENSITIVE INFORMATION REMOVED******



Anthony Payne
Strategic Director for Place



Richard May
PASD Freeport SRO



Brendan Arnold
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Section 1: The Strategic Case

1a) Strategic Rationale

Plymouth and South Devon (PASD) have an identified need to level-up given that: GVA per head has been approximately 25% lower than the UK average for the last 5 years;ⁱⁱⁱ productivity (GVA per hour) is 13% lower than the UK average in Plymouth and 18% lower in the South Hams;^{iv} and, unemployment in Plymouth has been higher than the national average for the last five years, although in the South Hams it has been lower.^v

Plymouth has had a radical agenda for many years to transform the city, driven by its ambition to become one of the most vibrant waterfront cities in Europe where an outstanding quality of life is enjoyed by everyone. Much has been achieved in support of this ambition through successive initiatives but some of the inequalities that occur geographically across the city and within individual communities remain.^{vi} Plymouth remains within the 20% most deprived local authority districts in England on the Index of Multiple Deprivation (IMD) with:

- 28 Lower Super Output Areas (LSOAs) in the most deprived 10% in England;
- Three LSOAs within the most deprived 3% in England; and,
- Two LSOAs within the most deprived 1% in England.^{vii}

Plymouth's most deprived LSOAs (which are amongst the most 1% deprived in England) are located in the wards of St Peter and the Waterfront and Devonport and are therefore very close to the South Yard tax site. These areas represent some of the city's most entrenched pockets of deprivation and have consistently been amongst the most deprived neighbourhoods in England since 2007.

The PASD area is also characterised by a low wage economy. Over the last five years, work-place wages in Plymouth have been on average 6% lower than the UK average. In the South Hams they have been 15% lower and in West Devon they have been among the lowest anywhere in the UK.^{viii} Outside of its immediate tax site footprint the Freeport Outer Boundary includes extensive rural and coastal areas in Devon which are likewise characterised by low wage employment and limited opportunities. High levels of deprivation and unemployment within Plymouth have been exacerbated by the significant economic impacts of COVID-19 on employment levels across the wider area.^{ix} Pay for the lowest paid 20% of workers in Plymouth, the South Hams and West Devon remains below that of the lowest 20% nationally pointing to a need to level-up job opportunities, productive paid employment and up-skilling.^x Notably the pay of the lowest paid 20% of workers in the South Hams took a significant hit during 2020 due to the effects of the COVID-19 pandemic, whereas nationally pay rose for the same cohort. The employment prospects of both younger and older people were further challenged by the pandemic in our area.

There are, however, strengths on which to build. Our advanced manufacturing and engineering clusters (which include our key specialisms – marine, defence and space) are well aligned with Freeport policy objectives, offering opportunities for inward investment, productivity gains and highly skilled jobs. Freeport levers will enable us to capitalise on major new global markets by anchoring, growing and attracting businesses to our existing clusters. These have a strong focus on autonomy and associated technologies (see Section 1b) which will also put us at the forefront of net zero policy agendas. The proposition builds on local capabilities and is designed to maximise economic impact through facilitating sectoral clustering and supply chain opportunities as well as mitigating against potential loss or longer-term decline. This will accelerate well paid job opportunities and progression routes for local people as well as business start-up opportunities, therefore playing a key part in levelling up our local economy.

Freeport levers will, in particular, unlock space for business growth and clustering – a key obstacle to growth in our economy. Although employment land has been allocated with favourable planning policies in place and a history of cross boundary joint working through the Joint Local Plan (JLP), the high opportunity costs associated with development have proven to be prohibitive for businesses. These challenges were highlighted in a report commissioned by the Heart of the SW Local Enterprise Partnership which identified a number of infrastructure, viability and land ownership constraints to bringing forward allocated employment sites across the whole LEP area and these were found to be particularly acute in Devon, Plymouth and Torbay. The report indicated that whilst the major viability constraints are evident across all sizes of site, there is an increasing incidence of this market failure as the site size increases.^{xi} This has created a viability gap that requires public intervention.

Likewise, there is evidence of businesses being held back by other obstacles which the Freeport can help to alleviate. A recent mapping report undertaken on behalf of the Heart of the SW Growth Hub found that whilst nearly 70% of Growth Hub participants had plans to grow, they faced a number of barriers to growth including finance but also skills. Further, the COVID-19 pandemic had impacted on plans for a significant majority of them.^{xii}

As part of the Government's commitment to building back better and delivering lasting prosperity, Freeports offer a unique strategic mechanism for addressing these market failures. Whilst the seed capital will help to unlock land, the customs and tax levers (e.g. capital allowances) offered by Freeport status will also help to address the viability gap experienced by businesses, enabling them to invest in growth. Further, innovation levers will enable us to build on our existing high value manufacturing assets, focusing on our specialisms and strengthening our existing clusters in order to address a range of economic challenges.

CASE STUDY: Princess Yachts is a luxury motor yacht builder operating in a global market from its base within Plymouth. The growth of Princess Yachts and the export demand for its products has caused them to reach the maximum physical capacity of their five sites, limiting the number of boats they can build, impacting on turnover, profit and employment. With demand for its products exceeding supply by around 100 yachts a year, Princess also has ambitions to build a new 88ft motor yacht which will be the first to integrate all of its sustainability initiatives including an efficient hull design, electrification and decarbonisation and use of sustainable materials. The company requires a new factory to service this demand, but the costs are prohibitive and it also needs to address a range of current and future workforce challenges. Freeport tax incentives will enable Princess to invest in a new facility on the South Yard site which will lead to around 450 new jobs being created within one of the most deprived areas of Plymouth as well as delivering several hundred safeguarded and/or associated supply chain jobs within the broader area. Freeport skills initiatives will also help the company to recruit, train/retrain and provide progression pathways for its workforce. Without these incentives Princess would have to consider re-locating elsewhere, potentially overseas.

The Freeport will therefore enable:

- **Physical regeneration** – by delivering infrastructure to unlock key employment sites and innovation assets, supporting business clustering and clean growth opportunities;
- **Economic regeneration** – by delivering inward investment, supply chain opportunities and productivity gains within our identified growth sectors; and,
- **Social regeneration** – by delivering a pipeline of jobs across the spectrum of employment from entry level to higher skilled/high value with upskilling opportunities (see more on progression pathways in section 1di).

This will address the specific regeneration needs of our area, including for the communities within our most entrenched pockets of deprivation, underpinned by our Skills Plan (see section 1di). Without this intervention, partners would continue to pursue incremental improvements through

any and all available funding sources but this would not achieve the step-change that will be delivered through the Freeport. The stalled employment land and transport infrastructure projects that will be unlocked through the proposed seed capital investments would not take place (or, at best, would take place over a much longer timeframe). The Freeport programme is the only intervention that is able to bridge the viability gap, unlocking land and changing investor behaviours at pace, to achieve transformational, clean and inclusive growth. This will be sustainable because it will be driven by business investment as opposed to grant funding.

This Full Business Case (FBC) builds on our Outline Business Case (OBC), setting out the actions we will take to bring forward the Freeport opportunity. However, there are a number of high-level, strategic interdependencies where we need support from Government to maximise the opportunity, specifically in the following policy areas:

- **Transport** – working with National Highways to facilitate the delivery of the Freeport, ensuring the highway approach is acceptable to all parties;
- **Foreign Direct Investment (FDI)** – where there is a need to leverage our High Potential Opportunities (HPO) with ‘sharp shooting’ from the Department of International Trade (DIT) to target specific countries and sectors with incentives for investors that support and/or champion our sector specialisms to land in our Freeport;
- **MOD South Yard** – where our tax site boundary encompasses mixed land ownership including the Ministry of Defence (MOD) and Princess Yachts, with Plymouth City Council also having a long lease from the MOD for part of the site for the expansion of Oceansgate through the previous City Deal arrangements. There are multiple regeneration opportunities across the whole site, including ‘behind the wire’ of MOD land where flexibility in thinking and a partnership approach is required to help us to unlock opportunities, enabling us to bring on defence contractors and onshore defence supply chains at pace. Flexibility is also required in relation to the number of listed/heritage buildings on site where change of use and/or funding may be required to progress the opportunities; and,
- **Innovation funding** - where dedicated revenue funding is required for the step-change that is needed. This could, for example, take the form of a blended offer (especially in the South Yard Innovation Hotbed) with a combined tax break and innovation funding brokered by the Freeport with Innovate UK/BEIS etc. and managed under the Ocean Futures initiative. Additionally, support for our plans to complement our Innovation Centre by establishing a National Composite Centre for marine and space applications in South Yard as part the High Value Manufacturing Catapult would be welcome.

1b) Target Markets

The PASD Freeport will build on the strengths within our high value advanced manufacturing and engineering sectors, ensuring that there is an impact across the economy and its supply chains but focusing specifically on the markets where we can make a significant contribution to local, regional and national agendas. These are ideally suited to a Freeport, offering opportunities for inward investment, productivity gains and highly skilled jobs as well as supporting net zero policy agendas. Our primary market is the marine sector where efforts will focus on: marine autonomy; digital oceans; and, maritime net zero. These are the underpinning opportunities within our regional Ocean Futures programme which aims to create a global centre of excellence for the testing, development and manufacture of autonomy, digital and clean ocean technologies for the rapidly growing global ocean economy. As a key pillar of the country’s ambition to be a science and innovation superpower, Ocean Futures has been designed to directly support delivery of the objectives set out in the Maritime 2050 and Clean Maritime Plan. The Freeport provides an opportunity to augment and intensify this programme by delivering an innovation-led hub for global trade and investment that will provide jobs and sustainable local growth. With a direct read across from these applications

to the Defence industry our secondary market is the Defence sector. The Defence industry is changing and the 'One Devonport Blueprint for the Future' describes how HM Naval Base Devonport is entering a once in a generation period of substantial investment which will see re-capitalisation of the site to deliver support to the next generation of Royal Navy platforms. Work is already underway for the arrival of the new T26 Frigates which will place different demands on the support infrastructure such as the storage and generation of Mission Modules which will deliver multiple supply chain opportunities and highly skilled jobs. In addition, we have identified an exciting opportunity to align with the Space sector that is developing in neighbouring Cornwall. This will see Virgin Orbit delivering the UK's first satellite launch from Newquay Airport in 2022. Given that a high number of satellite components come from overseas and that a number of the underpinning technologies align with both our marine and defence applications with a range of re-exporting opportunities, we have made a strategic commitment to supporting Spaceport Cornwall through the PASD Freeport. We have provided a comparative analysis of these sectors in Section 1c).

We will focus on embedding, expanding and accelerating all of these opportunities, utilising Freeport levers to attract new investment and bringing new entrepreneurs into the supply chain. There are a range of opportunities within these sectors to put the area on the map as a science superpower, for example in autonomy and renewables, contributing to key national net zero agendas including short sea shipping within a smart port, autonomous and clean propulsion setting. The specialist nature of our sectors is much less likely to displace other UK based competition. Furthermore, the potential for fusion between these three sectors, building on our technical base and innovation in, for example, autonomy, is one of the most exciting parts of our Freeport and this will be entirely additional to existing activity. This will enable us not just to grow in existing markets but also to develop new ones.

Primary Market: Marine – PASD has a number of competitive advantages in autonomous technology and the OECD predicts that the global ocean economy will double by 2030 to \$3 trillion with key growth opportunities in high value marine manufacturing, offshore renewables, aquaculture and marine autonomy. The global autonomy market alone is predicted to grow to \$103 billion by 2030 with the UK having a 10% market share. Our expanded South West innovation and promotion service which is at the centre of the Oceans Futures programme has a regional sector footprint of £3.5bn GVA and 50,000 jobs.^{xiii} There are significant opportunities to contribute to this important sector, leveraging our HPO for autonomy and other assets that put us in a unique position to meet the needs of the sector, as discussed more in Section 1c) below.

Secondary Market: Defence - the defence sector supports over 200,000 jobs nationally and is ranked third in terms of global sales, with exports of £7.2 billion in 2019. The value of the sector in Devon and Cornwall has been estimated at £2.6bn, with the potential to rise to £6.9bn by 2040. The naval base and dockyard in Devonport directly supports 10.1% of Plymouth's total Full-Time Equivalent (FTE) employment and generates 14.1% of its economic output, i.e. Gross Value Added (GVA, 2017). The Freeport tax benefits will address the viability gap at our South Yard tax site, enabling defence and other contractors to invest and bring back into productive and sustainable use the dormant waterfront spaces at the site which for the time being, must remain 'behind the wire.' As the Freeport's Innovation Hotbed, South Yard will also support the sector by providing a focal point for technological advances in the evolving marine and defence arena.

Aligned Market: Space - the UK already builds a large proportion of the world's small satellites and wishes to capture 10% of the £400 billion global space-enabled market by 2030. In 2019, the sector was worth £14.8 billion in the UK. Spaceport Cornwall is a national project of global significance, providing the first and only horizontal launch site in the whole of mainland Europe. As well as creating jobs and GVA locally, it also aims to act as a catalyst for a high-tech space cluster in the South West, actively encouraging new entrants into the market. Satellite applications will include,

for example, earth observation and environmental monitoring which have a direct read across to our marine and defence sectors. Horizontal launch is a cleaner and greener way to launch and the small satellites deployed into Low Earth Orbit (LEO) will support missions including earth observational and environmental monitoring and will thus align with the Freeport's environmental focus. Spaceport Cornwall represents a significant inward investment opportunity for the South West and is already attracting interest. Our customs site at Langage can provide an opportunity for pre-integrated components to be stored for assembly and just in time delivery which will be an attractive proposition for investors.

1c) Value Proposition

This section of the FBC sets out our value proposition, focusing on the resources that currently shape our Freeport. We are able to bring together an unrivalled set of assets including a natural harbour with sheltered deep-water access and one of the largest naval bases in Europe with unique nuclear defence capabilities. These provide excellent opportunities for prototype testing, ocean trials and offshore renewable support as well as trialing new applications in shipbuilding, transformative refits and on-shoring of specialist supply chains. With the UK's first marine Enterprise Zone, a proactive knowledge base and a range of world class businesses and research assets, we have the core blocks on which to build our specialist sectors. The underpinning technologies will also have much wider application for regional priorities such as aerospace and aviation which are important sectors for the Heart of the SW economy. The PASD area also benefits from significant development sites within the Eastern corridor and favourable planning policies through the Joint Local Plan with a major arterial road (A38 Devon Expressway) linking to the M5. This section of the FBC describes these assets in more detail whilst also summarising the shortfalls in our proposition, ultimately demonstrating how and why the Freeport levers will provide us with the means to unlock the area's potential and deliver transformational change.

Our Land and Infrastructure - as **Britain's Ocean City**, Plymouth benefits from a natural, sheltered, deep water harbour with direct access to the English Channel and the Atlantic Ocean, ideal for prototype testing, ocean trials and offshore renewable support (including offshore wind sites in the Celtic Sea), as well as accessing European and global markets. The Sound's natural assets have been enhanced by designation as the **UK's first National Marine Park** and through developments such as **Smart Sound Plymouth**, an in-sea test and development range which makes Plymouth Sound one of the most surveyed and digitally connected stretches of water in the world. As the UK's first 5G connected ocean trialing area there are plans for Smart Sound to expand along coast and to subsea obstacle course and testbeds and we will engage with the Freeport Regulatory Network (FREN) through this process.

Plymouth is also home to the **UK's first Marine Enterprise Zone at Oceansgate^{xiv}** underpinned by the **Oceans Futures regional programme** for sub-sector specialisms and focused marine innovation. This is a once-in-a-generation opportunity for Government, industry and academia to work together to develop the South West regional economy, building on existing unique assets to create a world-class centre of excellence, whilst delivering the Maritime 2050 ambition to create a cleaner, digitally enabled sector. The area benefits more broadly from **Plymouth Science Park** which provides a centre of excellence for ground-breaking research, business and laboratory innovation, supporting cross fertilization of ideas with multi-disciplinary teams bringing marine and medical research together. Further afield the **Electronics and Photonics Innovation Centre** in Torbay provides facilities and support for emerging technologies which underpin marine/defence/space as well as other advanced manufacturing sectors.

The area has significant development sites sitting within the Eastern corridor (at **Langage and Sherford**) providing additional capacity for much needed modern facilities with favourable planning

policies already in place through the Joint Local Plan (JLP) as well as green energy opportunities. These have direct access to the **A38 Devon Expressway**, which is comparatively uncongested, enabling us to be reasonably well connected to the rest of the UK. There are also mainline rail routes to the north and south.

The Port of Plymouth itself has a range of facilities at Millbay and Cattewater Harbour and handles many cargo types with some established freight routes and scope for growth with new routes and further rotations. It is primed for enriching its cargoes and becoming a demonstrator for the benefits of short sea shipping and trialling smart port technologies in uncongested waters.

Our Clusters and Innovation – Plymouth and South Devon have a strong **manufacturing sector** (12% of employment versus 8.3% nationally), including a number of foreign owned companies with the potential for growth. We are supported by a dynamic Plymouth Manufacturers Group and have been progressing plans to establish a National Composite Centre in South Yard. Complementing and adding value to our proposed Innovation Centre, this will be one of seven centres that make up the High Value Manufacturing Catapult, focusing locally on specialist composites for marine, defence and space. As previously highlighted, the South West UK has strong and emerging high growth clusters in:

- **Marine** - represented by Ocean Futures and Maritime UK South West (MUKSW);
- **Defence** - represented by South West Region Defence and Security Cluster (SWRDSC) and DSTL/DASA hubs), and,
- **Space** - represented by South West Centre of Excellence in Satellite Applications (SWCoESA) and the ascendant Spaceport Cornwall.

The Freeport will build on these strong private-public-research partnerships to position the South West as a global centre of excellence for the testing, development and manufacturing of latest technology and specific sub-sector specialisms.

Marine Assets - data show that 25% of all UK marine manufacturing jobs are based in the South West, with significant shipyards in **Devonport, Appledore and Falmouth** and supply chains across the area. The dynamic **Ocean Futures** ecosystem is centred around key players such as Babcock, Thales, MSubs and over 30 organisations in the **Future Autonomous at Sea Technologies (FAST) Cluster** which has the potential to grow exponentially. Related to this, the Heart of the South West has been designated as a High Potential Opportunity (HPO) for Marine Autonomy in order to exploit the opportunity to design, test, validate and manufacture marine autonomous systems in the **UK's largest Maritime cluster**. The cluster is supported by **Maritime UK SW** - a public, business and research partnership which champions the sector at home and abroad.

Marine Comparative Analysis - the OECD predicts that the global Ocean Economy will double between 2010 and 2030 to \$3 trillion. Whilst Britain's maritime heritage is long, proud and lucrative, our international competitors are investing heavily in home-grown talent to gain a lead in tomorrow's markets and the UK needs to capitalise on its strengths. The Maritime 2050 Strategy highlights how other leading maritime nations such as Singapore and the Scandinavian countries have recognised the role of innovation and technology within their sectors. Countries, such as Japan are also trialling groundbreaking net zero technologies. It is recommended that the UK places technology development at the heart of its plans in order to keep pace with these competitors. This will be a clear focus for the Freeport. We will also collaborate with other regions within the UK and overseas in these endeavours, thus supporting our ambitions to create a step change in our ability to do business globally. For example, we already have an established relationship with Solent through Maritime UK which has Solent and South West clusters and conversations are underway with North

Eastern Freeports around testing platforms for offshore renewables. Likewise, due to our unique location as the gateway to the Atlantic, Norway has expressed interest in trialling marine autonomy applications in Plymouth which have only been tested in a fjord environment to date.

Defence Assets - Plymouth is also home to **the largest naval base in Western Europe** (Devonport Dockyard) with unique nuclear defence capabilities and associated opportunities that allow for new applications, shipbuilding, transformative refits and on-shoring of specialist supply chains. It sits alongside world-leading innovation in key defence primes in addition to globally recognised SMEs such as Artemis Optical and Chess Dynamics. Local supply chains including many SMEs are also engaged with the recently established **South West Regional Defence & Security Cluster (SWRDSC)** to drive collaboration, network and engagement.

Defence Comparative Analysis - the MOD has made plans to invest over £85bn on resources and support in the next four years. Furthermore, the defence sector currently supports over 200,000 jobs directly and indirectly, costing the MOD £20bn. The recently published Defence and Security Industrial Strategy aims to establish a more productive and strategic relationship between government and the defence & security industries, recognising the importance of the sector to regional economies and the need for a flexible and nuanced approach which focuses on market assessment, technology, national security requirements, international collaboration and 'prosperity opportunities.' Given the global nature of the defence and security markets and their integrated supply chains, Government intends to work closely with international partners on efforts to promote greater productivity and resilience, also opening up new opportunities for UK companies to contribute to delivering key capabilities for international allies. This includes the US, Australia and Canada with the trilateral security pact between Australia, the UK and the US (AUKUS) announced in September 2021, providing opportunities within the Indo-Pacific region. The publication of this new strategy in March 2021, dovetails with the work already underway through the SWRDSC and our world-leading innovation of the defence primes. The Freeport is therefore well-placed to capitalise on its industrial capabilities with the focus on innovation to drive economic growth.

Space Assets - the investment in **Spaceport Cornwall** will enable horizontal satellite launch from Cornwall Airport Newquay from 2022. The Spaceport site, which is currently under construction, will provide the required infrastructure for partners to safely and efficiently prepare their hardware for launch. With active support from the area's Higher Education sector, the site will be home to laboratory space, cleanrooms, testing facilities and outreach events, providing a focal point for the development of an **exciting cluster**.

Space Comparative Analysis - the UK's space sector has been growing at a rate of more than 8% a year for the last decade, four times as fast as the rest of the economy. However, as highlighted in the first ever UK National Space Strategy which was launched in September, it is a very competitive environment that is no longer the preserve of global superpowers. It is expected that increased commercial use of space will trigger a new wave of competition. The UK government is committed to empowering British companies to achieve end-to-end space innovation, helping to grow the country as a science and technology superpower. Currently, UK companies have to use launch sites overseas such as Europe's Spaceport situated in the northeast of South America in French Guiana, an overseas department of France. Once operational, as the only horizontal commercial launch site in mainland Europe, Spaceport Cornwall will be extremely well positioned to both contribute to and benefit from the opportunities from both domestic and overseas investors. There are multiple small spacecraft manufacturers across Europe and the US which provide both competitive and collaborative opportunities and it is expected that many European countries will be interested in the possibilities.

Wider Innovation Assets - the area benefits from the **South West Institute of Technology (SWIoT)** with core strengths in digital and engineering and two key **Higher Education Institutions** (Plymouth and Exeter) with unique research strengths and innovation assets in areas that support our proposition, alongside **Plymouth Marine Laboratories, the Met Office and the UK Hydrographic Office (UKHO)**. Our triple helix innovation model (with academia, industry and catapults/Government departments) all working together on future markets is a powerful asset and this also extends to underpinning specialisms such as Composites, Photonics and Artificial Intelligence. This partnership includes the UK's largest cluster of marine researchers and is home to three world-leading marine scientific institutions that form **Marine Research Plymouth** (part of Ocean Futures), recognised globally for publications, impact and influence. This work has led to many global firsts including the site of the world's first truly autonomous marine vessel trials, the UK-FR designed Maritime Mine Countermeasures system. As principal defence customer and stakeholder in the region, the Royal Navy is looking to this triple helix community to realise R&D objectives in their most emergent challenges, particularly marine autonomy. In relation to space, as well as the Spaceport itself, assets in Cornwall include the **South West Centre of Excellence in Satellite Applications** and **Goonhilly Earth Station**. The **Met Office**, based nearby in Exeter, also provides the global standard for Earth and Space Weather observation and science.

Through the Freeport enabling powers we will accelerate innovation opportunities by bringing together large, end users of technology innovation with the developers of new innovations (usually SMEs) to align market need with innovation opportunity.

Key Enterprises and Pipeline - our Freeport already has key enterprises involved in its development, including Princess Yachts.

CASE STUDY: Princess Yachts – the company employs 3,000 staff to meticulously sculpt some of the most technically advanced and beautiful motor yachts in the world. The company has an advanced concept for a new 88ft motor yacht which will be the first to integrate all of its sustainability initiatives through the use of efficient design, electrification and sustainable materials. The Freeport will initially enable Princess to develop a new factory to support this development on the South Yard site. This initial investment will also be the key to unlocking the remainder of the Princess Yachts site which has additional viable but unoccupied physical space that is yet to be developed. Located on a historic naval dockyard, the site has evolved in an unplanned ad hoc fashion, leaving buildings of a mixture of ages, typologies, sizes, qualities and conditions, including some temporary/prefabricated structures which create severe inefficiencies in space usage. Subject to additional investment, Princess Yachts plans to repurpose other buildings and facilities on site, including their existing factory, in a more efficient and fit-for-purpose operational configuration, unleashing their latent capacity for growth, including international export. This could also facilitate significant opportunities for supply chain relocation to the site, including attraction of overseas inward investment, alongside development of 'centres of excellence' in related R&D and skills development

Sites are being actively marketed and enquiries are strong. As an example, discussions are currently taking place with a company that designs and builds unmanned autonomous marine vessels to support the offshore wind and gas sector. The company is currently seeking VC investment to enable it to expand its production capacity and the PASD Freeport presents a clear opportunity for this.

CASE STUDY: Prospective Tenant - the company specialises in the design, development and production of marine vessels which operate autonomously or remotely to survey offshore gas and wind installations. The offshore wind market is one which is set to grow rapidly in the coming years as countries move to tackle the climate crisis. Use of autonomous vessels to survey wind farms and other offshore infrastructure will be vital to ensuring they operate safely in what is, by nature, a destructive environment. Utilising the autonomous vessels for such activity takes humans out of the danger zone while not compromising on the safety of remote offshore infrastructure. Having a production / manufacturing facility within the PASD Freeport will enable the company to design a platform working with the growing expert research and industry cluster that exists here already, test the platform in the Smart Sound facility, analyse its performance and instantly implement changes to the design without having the challenge of transporting the platform to a production facility elsewhere. This fast-tracked test and improve portion of the innovation / commercialisation cycle will provide the company with an advantage which is not currently replicable elsewhere in UK.

Our Skills Assets – the Freeport Skills Plan builds on the work of our **Skills Advisory Panel**^{xv} and is fully aligned with our **local Employment and Skills Report** which provides a shared blueprint for the Heart of the SW and local authorities to support individuals in accessing the skills they need to thrive in a productive job they value, whilst also supporting businesses, inclusion and growth.^{xvi} Freeport plans also align with individual Local Authority skills plans and the work of the Plymouth Employment and Skills Board which has been developing skills and career progression routes from school-level up. Freeport partners have the relationships and commitment in place to take this agenda forward, building on a range of exciting investments that have already made including a dedicated **Institute of Technology**.^{xvii} Our skills proposals also seek to build on best practice from across the area and the rest of the UK, for instance: Plymouth's existing successes around engagement of those further from work and learning; on-going work in Devon and across the wider Heart of the SW on engagement and mobilisation of those with a disability; and, wider practice currently coming forward through partner Freeports in areas such as the Humber and East of England.

Work is already on-going with prime employers within the sector (including those likely to invest in the Freeport) to accelerate relevant training and recruitment activity. This includes close working with FE, HE, Apprenticeship Providers, Devon and Cornwall Training Provider Network and wider partners to fast-track relevant provision on the ground. For example, responding to market requirements, our local **FE colleges in Plymouth and South Devon** have developed relevant curriculum for our target sectors and are providing multiple opportunities around technical skills and higher-level training in occupations and disciplines that will be core to the Freeport. These feed into degree-level and postgraduate courses at the **Universities of Exeter and Plymouth** who are also providing aligned professional training and industrial collaborations. Representing 3,000 staff, researchers and students, **Plymouth's Marine Institute** is the first and largest such institute in the UK^{xviii}. The Local Authorities have also developed successful provision for **work readiness and basic skills, including through the award-winning Skills Launchpad approach within Plymouth**, working with a range of training providers that deliver both specialist and generic content. We will accelerate this approach, with an emphasis on marine and defence skills specifically, but also on supporting wider recruitment into the Freeport across all sectors and occupational groups during its implementation.

EMSI Analytics have been used to model the likely demand for individual workers within the Freeport annually over the next five years. Table One provides a summary by occupational group over time. This shows that there will be demand for around 3,584 new jobs by 28/29.

Table One: Skills Demand by Occupational Group over Time

	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
Group 1: Managers, directors and senior officials	0	1	97	157	258	291	312	312
Group 2: Professional occupations	0	1	219	375	675	756	798	798
Group 3: Associate prof & tech occupations	0	1	201	301	493	551	586	586
Group 4: Administrative and secretarial occupations	0	0	96	134	185	207	220	220
Group 5: Skilled trades occupations	0	2	414	567	887	975	1034	1034
Group 6: Caring, leisure and other service occupations	0	0	1	2	4	4	4	4
Group 7: Sales and customer service occupations	0	0	15	29	55	62	65	65
Group 8: Process, plant and machine operatives	0	1	91	155	251	281	300	300
Group 9: Elementary occupations	0	0	83	163	239	254	264	264
Total	0	7	1,218	1,883	3,047	3,380	3,584	3,584

Source: EMSI (2021)

With regard to key roles, Table Two below shows the top 10 occupations that will be in demand across the Freeport, highlighting the importance of boat and ship building, skilled trades and engineers, as well as elementary storage occupations and administrative roles. A broader analysis of the skills requirement indicates that there will be demand for: STEM, skilled trades, production/manufacturing, logistics and supply chain as well as business admin and IT/digital. Whilst not specifically modelled, the £317m capital investment will also drive demand for construction jobs.

The Freeport does not operate in isolation and as is part of a wider labour market and demand system. Table Two shows the top 10 new roles as a proportion of the existing workforce. Analysis shows that only 20 occupational areas involved within the Freeport will see an uplift in relevant roles of more than 5% of the existing Devon and Plymouth workforce over a decade. Experience of previous major projects (most notably Hinkley Point in Somerset) strongly suggests anything below a 5% uplift is manageable locally and within the existing flexibility of the labour market. Experience across the South West suggests that training and local development of related competencies can be achieved relatively quickly to fast-track skills development. Furthermore, the release of existing labour from Hinkley Point in the latter part of the decade will provide a valuable source of technical skills in areas such as metal working. The analysis does, however, leave one specific area of need (ship and boat building) that cannot be met through existing provision or careful labour market management. Our partners recognise that there is a need to increase future training capacity around marine engineering and building, working closely with key private sector enterprises. This forms a core element of discussions with both investors and education partners, including the colleges and universities and underpins our plans to develop a Marine Skills Academy.

Table Two: Top Ten Areas of Skills Demand Versus Existing Supply

SOC Code	Job Title	Estimated Freeport Demand	Related Employment in Plymouth and Devon in 2021	Percentage of Existing Workforce
5236	Boat and Ship Builders and Repairers	265	1,204	22.01%
3122	Draughtspersons	99	779	12.71%
2129	Engineering Professionals n.e.c.	121	1,530	7.91%
2122	Mechanical Engineers	95	1,301	7.30%
2126	Design and Development Engineers	85	1,214	7.00%
5241	Electricians and Electrical Fitters	168	3,721	4.51%
5223	Metal Working Production and Maintenance Fitters	147	3,265	4.50%
1121	Production Managers and Directors in Manufacturing	121	3,744	3.23%
9260	Elementary Storage Occupations	148	6,898	2.15%
4159	Other Administrative Occupations n.e.c.	83	11,437	0.73%

Source: EMSI (2021)

Shortfalls - the shortfalls in our value proposition are shown in Table Three:

Table Three: Shortfalls in the Value Proposition

Shortfalls	Addressed Through
<p>Land, transport and wider infrastructure</p> <ul style="list-style-type: none"> • Space in and around the Port of Plymouth is inhibiting growth. Infrastructure improvements at the Port are needed to support short sea shipping • There is a viability gap for developers compounded by high transport costs for capacity improvements which is constraining development • Junction capacity improvements are potentially needed on A38 to support the expansion of Langage and Sherford (to be determined through transport studies) • There is no pedestrian or cycle link between Langage and Sherford • The Octagon roundabout near the Port requires specific improvements to accommodate larger articulated HGVs • South Yard is sited on a historic naval dockyard where there are a range of obsolete and/or not fit-for-purpose buildings, many of which are either under-used or disused which are stifling expansion • There are other buildings on the heritage at risk register on the MOD land at South Yard site which have strategic development potential that cannot currently be realised. Further regeneration opportunities 'behind the wire' of MOD land cannot easily be unlocked without significant service re-provision costs 	<ul style="list-style-type: none"> • The Freeport will enable us to increase the volume and value of throughput at the Port of Plymouth (enhancing trade and investment) by creating additional space elsewhere in the city • Land that has not previously been brought forward due to the historical viability gap will be unlocked through the tax and customs benefits on offer • Seed capital and complementary investments will also enable us to deliver wider land and infrastructure improvements that will make the area more attractive to potential investors and support wider imperatives such as short sea shipping and sustainable transport • Section 106 funding will improve connectivity of the tax sites • Our transport studies will enable us to develop a full transport strategy for the Sherford/Langage sites, including requirements/timings for A38 access improvements in the longer term • Freeport enabled investment by key resident enterprises will unlock significant elements of the South Yard site and support their expansion plans • Our exceptional case includes additional seed capital to help unlock significant dock and waterside marine regeneration opportunities 'behind the wire'
<p>Clusters and Innovation</p> <ul style="list-style-type: none"> • There are low numbers of exporting businesses^{xix} • The area suffers from low levels of innovation/ R&D • The pace of technological change often outstrips regulatory development (see Section 1di) • There is a lack of investment to provide the infrastructure and space to maximise business clustering opportunities • Dedicated revenue funding (for at least three years) is also needed to support our Innovation Hotbed 	<ul style="list-style-type: none"> • The Freeport tax benefits will overcome historical challenges and help to change investors' behaviours and deliver net additional investment • The Freeport has provided impetus for the development of a bespoke Innovation Strategy that will address our current weaknesses • Engagement with the FREN will also provide a unique opportunity for deregulation which will accelerate the pace of our innovation
<p>Resident Enterprises</p> <ul style="list-style-type: none"> • A lack of modern facilities is inhibiting expansion • There are skills deficits within the workforce. Princess Yachts for example, has approximately 100 vacancies that they are struggling to fill, along with an ageing workforce and competition for a decreasing pool of people. The company is looking for a city-wide marine skill focussed solution and has a particular interest in attracting female recruits to the sector • Support is required to bring on new anchor tenants 	<ul style="list-style-type: none"> • Our resident enterprises will benefit from the tax and customs benefits which will enable them to expand their current operations and make them more efficient • The bespoke Skills Plan which includes a Marine Skills Academy will also help to overcome their identified skills deficits
<p>Skills</p> <ul style="list-style-type: none"> • Skills and training capacity is needed (for both replacement demand and growth) • There is a lack of specialist facilities capable of delivering the volumes of relevant training 	<ul style="list-style-type: none"> • The Skills Plan and Marine Skills Academy will address identified capacity issues, supporting up-skilling and the wider levelling up agenda, providing pathways to employment and progression at all levels including for people in our more deprived communities who face multiple barriers. This will have positive economic spillovers across a wider geography

1di) Interventions and Levers

This section sets out in summary how each Freeport lever will be deployed and any interactions, also showing geographically where activity will take place.

1di1. Seed Capital – our plans have been reasonably well defined since the original bid and have been focused on unlocking employment land to enable business expansion and clustering as this has historically been a key barrier to growth within our area. All potential sites within the 40km maximum radius were identified and considered systematically at bidding stage before we settled on the only three that were considered viable and they form the core of our Freeport proposition. Two of these (Langage and Sherford) are on greenfield sites where enabling work needs to be carried out to facilitate plot development. The third builds on existing investments on a brownfield site (South Yard) which is adjacent to an Enterprise Zone and other resident enterprises that are core to our Freeport USP. With its proximity to the waterfront and existing assets, South Yard is the only site that would provide us with the opportunity to harness the innovation potential of our sector specialisms and it therefore forms the heart of our Innovation Hotbed. Seed capital will primarily be used to facilitate development of these sites with investments in access, core infrastructure provision, land assembly and remediation.

As part of this process, we also recognised the need to advance sustainable transport options and ensure sufficient wider transport network capacity and resilience. In this regard, seed capital projects have been identified that maximise gains, by targeting infrastructure pinch points and dovetailing with pipeline projects. Projects for which our infrastructure plans align include the various schemes on the A38 (including Manadon Interchange), the Transforming Cities Fund and Bus Service Improvement Plan. Tables Four to Seven provide more detail on the cost items including the geographic location of the investments, along with a justification for the expenditure.

Table Four: Seed Capital – South Yard (Preferred Case)

Key Items of Seed Capital Expenditure	Justification
<ul style="list-style-type: none"> Contribution to site remediation and demolition along with the provision of drainage and utility services to develop an Innovation Centre Mobility Hub Includes re-routing of MOD cabling to clear the site 	<ul style="list-style-type: none"> The Innovation Centre builds on existing investment at South Yard and is key to creating the critical mass for the Freeport's Innovation Hotbed. It is a fundamental part of the Freeport proposition and requires investment ahead of need as it must be operational by the time new tenants are operating on the tax sites. Any later, and it will not provide the mechanism needed to stimulate interest from innovative companies that align with the target sectors. Investment ahead of need is by definition uncertain, and harder to attract funding for. The private sector will not invest without certainty over returns and the Freeport public partners do not have the available funding to support this development and fill the funding gap. The Centre itself also addresses a range of other barriers or market failures regarding SME participation in innovation activity including imperfect information, capability failures and network failures. The Centre will be pivotal in overcoming these barriers to support business innovation, growth and productivity The Mobility Hub (which is a multi-story car park backing directly onto the MOD land) effectively provides the physical barrier between the Innovation Centre and the MOD land which is a security requirement as well as providing much needed parking provision Re-routing of the MOD cabling is an essential part of the construction process, without which the development would not proceed
<ul style="list-style-type: none"> Contribution to site remediation for Princess Yachts factory 	<ul style="list-style-type: none"> The seed funding for Princess Yachts complements this development and enables a key anchor tenant to bring forward a new factory which will create 450 jobs by closing a viability gap where the private sector return would not be sufficient
TOTAL: £8.156m	

Table Five: Seed Capital – Langage (Preferred Case)

Key Items of Seed Capital Expenditure	Justification
<ul style="list-style-type: none"> Contribution to spine road extension Contribution to core infrastructure Land assembly – plot purchases 	<ul style="list-style-type: none"> Langage will not be operable as a tax site without new plot access which includes a spine road extension Likewise, core infrastructure is required to enable the site to be developed In addition, it is necessary to undertake land assembly to bring the land in to an efficient ownership structure <p>These activities could not be commercially funded at pace, as earning a commercial rent or lease price that recovers the costs would not be competitive, and therefore development would come forward much more slowly</p>
<ul style="list-style-type: none"> Cycle and pedestrian bridge 	The associated cycle and pedestrian bridge provides access across the A38 for residents in Sherford and Plympton, allowing pedestrian and cycle access to the tax sites from both communities. This would not be commercially funded, as the main benefits are via positive externalities (clean transport, connecting residents)
TOTAL: £14.244m	

Table Six: Seed Capital – Sherford (Preferred Case)

Key Items of Seed Capital Expenditure	Justification
<ul style="list-style-type: none"> Contribution to access Contribution to core Infrastructure 	<ul style="list-style-type: none"> Sherford will not be operable as a tax site without new plot access Likewise, core infrastructure is required to enable the site to be developed <p>These activities will be largely funded by the private sector (the Sherford Consortium) but a seed funding contribution will close the viability gap so that these enabling works can be brought forward in time for the tax site to be operational</p>
TOTAL: £1.2m	

Table Seven: Seed Capital – Supporting Investments (Preferred Case)

Key Items of Seed Capital Expenditure	Justification
<ul style="list-style-type: none"> Contribution to Port infrastructure 	The Freeport will be attracting high value industries with export potential. These industries need excellent maritime access for importing raw materials and components, and exporting finished products. This requires investment in port infrastructure now ahead of demand which would be an uncertain proposition for a private investor like ABP. However, without this investment key industries will not have the connectivity they require to invest in the PASD Freeport
<ul style="list-style-type: none"> Contribution to Octagon roundabout 	Improvements have, for many years, been needed to the Octagon roundabout to enable access for larger articulated HGVs. These improvements would not be possible without public sector intervention as the benefits are public goods
TOTAL: £1.4m	

Both the Sherford and Langage sites are close to the A38 at Deep Lane Junction, accessing a corridor that provides linkage from Exeter to Bodmin and is one of only two strategic road routes across the peninsula, connecting Cornwall, Plymouth, Torbay and Devon. Sherford new community has several significant pieces of infrastructure secured through S106. These include Deep Lane Junction improvements (to provide adequate capacity to serve the Sherford site, alongside the planning permissions in place at Langage), a park and ride adjacent to the Sherford site and a high-quality Public Transport Route, linking Sherford to Langage and beyond to destinations in Plymouth. Seed funding will enable safe crossing of the A38 at Deep Lane Junction for pedestrians and cyclists, facilitating sustainable access between employment sites and residents in Sherford and Plympton and link into the National Cycle Network (NCN). Seed capital will deliver a Mobility Hub at the South Yard site which is key to unlocking the opportunities there, and a smaller facility at Langage. These schemes, aligned with the projects above, bring together a comprehensive suite of accessible sustainable transport modes for the Freeport and surrounding communities to utilise.

Some seed capital will also be spent on the Octagon Roundabout to improve access for larger articulated HGVs and some will contribute to Port infrastructure improvements which are largely being funded by the Port Operator, thus drawing in significant match funding. This will strengthen the quay and key equipment, facilitating additional cargoes which also supports our short sea shipping/carbon net zero ambitions.

CASE STUDY: Aligned Investments for Short Sea Shipping - through Cattewater Harbour, Plymouth is an international port trading mainly with continental Europe, but there is a growing number of ports further afield starting to trade with Plymouth, including ports in Africa and South America. Our Freeport aims to further support and enhance the already well-established short sea shipping routes which, as well as having the obvious benefit of reducing traffic congestion and highways maintenance costs, has huge decarbonisation potential and will be at the forefront of the cities net zero plans.

Our initial focus is on Millbay dock where investment will improve the infrastructure to support the expected increased demand generated through the Freeport. However, it is hoped that additional, aligned investments will enable the wider Port of Plymouth to increase the volume of sea freight and reduce the need for road freight. The potential of deepening the navigational channels in the Cattewater would support strategic developments in Turnchapel, Cattedown and Victoria wharves, maximising existing trade, whilst opening up the city to new trade, new vessels and supporting short sea shipping objectives. Plans would need to consider the increase in berth sizes and cargo storage space around the Port of Plymouth which is key to driving the success of our Maritime City. It is clear that our Port is a hub for economic growth for the city and wider region.

The Freeport site at Langleigh offers good connectivity with the strategic road network and could act as a local hub for goods imported through the whole of the Port of Plymouth, reducing pressure on the larger ports and reducing the duration of road haulage operations. In the longer term as the rail network in the region becomes more resilient there could also be the potential to make greater use of rail to move goods from the Port.

The expansion of these additional wharves would help to future proof facilities for the needs of evolving new markets, help drive the success of the Freeport and offer certainty for those looking to relocate R&D or production to Plymouth and the wider South West.

Sea ports are at the heart of the UK's international trade and DfT statistics show that around 95% of all import and export tonnage is transported by sea.^{xx} The South West is critically under-represented in maritime trade. Chart One below shows the number of freight units handled in ports per head of population by region in 2020. The South West has nine times less trade per head of population than the next smallest region (London), and fourteen times less than the national average.

Chart One: UK-EU Trade, Freight Units per 000 Population (2020)



Source: DfT maritime statistics, ONS population statistics

PASD Freeport and the Port of Plymouth provide a unique opportunity to pilot short sea shipping with less congested waters and intermodal activity. As a regional port, we aim to work alongside neighbouring large-scale ports to design bespoke shipping routes, high value cargo sets, and smart cargo off-loads to greener coastal freighters that overtime could be autonomous and zero-carbon vessels. We will look to leverage our coastal 5G networks to further these next generation short sea shipping prototypes and work with successful solutions found in Norway and other overseas markets. We will look to find tenants to progress this and hopefully build such vessels in the Freeport and export full short sea shipping and Smart Port solutions to global market.

1di2. Tax Sites – we will develop three tax sites on land that has long remained undeveloped and underutilised, to make the Freeport more attractive to investors by addressing the viability gap. An overview of each site is shown in Table Eight with more detail provided at Section 4a). Please note that a small number of units have been removed from the Langage tax site since OBC submission because they are now in the process of being brought forward by developers and would therefore represent deadweight. At the request of HMT, Phase 2 has also been removed from the tax site boundary because it would require moving the existing solar panels. These solar panels currently benefit from a feed-in tariff (FiT) which is contracted to 2036. Whilst Carlton Power has been in discussion with Ofgem to establish if this FiT could be continued if the panels are moved, their unwillingness to make a decision on this until after the move would jeopardise the existing FiT. The Langage tax site boundary has been redrawn to reflect this and the revised area is 48.5 hectares. However, our intention is that Phase 2 will come forward as a commercial proposition in the future (outside the tax site), catalysed by the wider market stimulation provided by the Freeport.

Table Eight: Overview of Tax Sites

Tax Site 1: South Yard (31.9 Ha)	Tax Site 2: Langage (48.5 Ha)	Tax Site 3: Sherford (7.9 Ha)
The South Yard tax site is located near the Port, adjacent to our existing Oceansgate Enterprise Zone. It sits at the heart of our Innovation Hotbed. The plan for the site includes an Innovation Centre and Mobility Hub to complement and expand the existing innovation space that has already been developed on this former brownfield site, largely targeting marine and defence businesses as end users. Plans will build on and support the wider regeneration of the area. The Innovation Centre will provide laboratory and office space on a flexible term basis, including access to an autonomy test bed alongside innovation and acceleration programmes. It will involve re-locating an existing Naval Heritage Centre building. Alongside this, private sector partners will seek to re-develop key buildings ‘behind the wire’ benefiting from MOD security as they produce high value products, subject to individual assessments. Our exceptional case includes additional seed capital to unlock further opportunities ‘behind the wire’	Langage is a greenfield site within the Eastern corridor of the city, in close proximity to the A38 Expressway. It is a strategic employment allocation. It will be developed as a tax site, with customs site sitting within it and will provide additional capacity for the Port as well as supporting sector growth plans, underpinning our trade and investment objectives. The site will be developed in Phases and will initially occupy less land than envisaged at bidding stage. We will bring forward Phase 1a and Phase 1b in the time frame for most businesses to benefit from the Freeport tax incentives. Phase 2 will come forward as a commercial proposition in the future (outside the tax site), catalysed by the wider market stimulation provided by the Freeport. End users will primarily be in the marine, defence and space sectors, supporting economic specialisation and creating employment at all levels in line with the policy’s regeneration objectives. The site also includes a Green Hydrogen Electrolyser (funded outside of the seed capital) which, along with a Mobility Hub/EV charging station, will further enable the Freeport’s green credentials	On the opposite side of the A38 Expressway to Langage, the employment allocation of Sherford (part of Sherford new community) could also deliver a coterminous tax and customs site. The boundary of the Sherford site has been slightly amended since bid stage, reflecting more detailed discussions with landowners and potential tenants. The change in M2 plot size is less than a 10% change overall in our total proposal

1di3. Retained Business Rates – the retained business rates are an important tool for achieving Freeport objectives. They will initially be used to offset the cost of the borrowing, cover the lifecycle costs, and contribute to the Freeport operating model. Any surplus beyond this will be invested to deliver the wider objectives of the Freeport and the Freeports programme and will be invested in accordance with the Retained Business Rates Policy (developed and agreed with all three Local Authority partners) and Members Agreement as described in more detail below.

The tax sites are categorised as designated areas for the purposes of administering National Non-Domestic Rates (NNDR). The Local Authority Billing Authorities will identify the net income collected in business rates and allocate those funds for Freeport purposes. For the period in which businesses are entitled to receive rates relief by virtue of being located within a designated area (April 2022 to March 2027), South Hams District Council and Plymouth City Council will administer those reliefs within the terms of the Retained Business Rates Policy and with regard to a Partnering Agreement between South Hams District Council and Devon County which will:

- Contain gateway conditions that incentivise businesses in sectors appropriate to the Freeport to locate there (see below); and,
- Account to the Government for any reliefs given in the expectation that the cost of such reliefs will be met by the Government in the form of a grant under section 31 of the Local Government Act 2003.

Gateway Policy - the purpose of the Gateway Policy will be to ensure that the PASD Freeport supports the clustering of businesses with a focus on the Freeport's target sectors (advanced manufacturing and engineering with a particular focus on marine, defence and space including low carbon applications), encouraging international investment to meet our Freeport vision and objectives, and to minimise displacement of existing economic activity. The aim is to attract new businesses to the Freeport and the wider region, as well as existing businesses that intend to expand their operations and are likely to benefit from the Freeport levers and further to generate supply chain opportunities across the Freeport Outer Boundary and wider Travel to Work Area.

With respect to UK companies and/or organisations looking to locate within the Freeport, the following criteria will be applied to the decision-making process:

- Businesses will need to clearly demonstrate how the proposed Freeport operations fall into one or more of the target sectors above;
- Businesses will need to clearly demonstrate how the proposed Freeport operations represent incremental investment and employment additional to existing operations;
- Local businesses will not be precluded from applying to locate within the PASD Freeport but will need to show a significant uplift in new economic activity and growth to demonstrate genuine additionality that cannot be accommodated at their existing location;
- If a business is currently located within PASD and is a relocation for purposes of growth and/or expansion then evidence will be required to prove that no appropriate expansion space was available at the current site; and,
- Landowners can discuss other uses with the local authority, should they be able to demonstrate they have made best endeavours to comply with the Gateway Policy requirements, without a pipeline of suitable prospects coming forward.

There will be two distinct business rates ring fenced accounts – one for the tax sites in South Hams, governed by a Partnering Agreement between South Hams District Council and Devon County Council (Langage and Sherford) and the other for the tax site in Plymouth (South Yard). Note: the Plymouth investment account will continue the arrangements in place for the existing Enterprise

Zone (Oceansgate) which is adjacent to the South Yard tax site. Business rates income will be separately identified within the Plymouth Investment Account. Income will consist of a combination of retained tax receipts and net rent income from properties owned by the City Council within the tax site. This rental stream includes both buildings constructed inside the adjacent Enterprise Zone and the Innovation Centre that will be delivered as part of the Freeport.

Objectives - the primary use of the retained rates income raised from designated sites within the South Hams District Council Area and the Plymouth City Council Area will initially be to:

- Offset the cost of the borrowing incurred in providing the infrastructure that will make the sites accessible and commercially attractive;
- Cover the lifecycle costs of maintaining the infrastructure over the 25-year period; and,
- Contribute to the Freeport operating model. Whilst income from landowner contributions and government grants will cover the projected revenue costs of operating the Freeport between years 1 – 5, from years 6 to 25, the financial model forecasts that the operating costs will be met exclusively from retained business rates. The funding of the Freeport's operating costs are shared 75% from the surplus business rates (after borrowing costs) from the South Hams designated area and 25% from Plymouth, based on the total projected income from each area.

This will enable the Freeport to meet its borrowing obligations and running costs.

Beyond this, any surplus will be invested to deliver the wider objectives of the Freeport and the Freeports programme (including reducing and mitigating the risk of displacement as well as contributing to Freeport core projects). It will be invested in accordance with the Retained Business Rates Policy and Members Agreement^{xxi}. Priorities will be determined through the development of an Annual Delivery Plan and associated investment strategy to be produced by the Freeport Company which will include detailed costings and the requirement for business rates aligned to proposals. The delivery plan and investment strategy will be agreed by members of the Company as a Reserved Matter, meaning the three Local Authorities will have the final say on finance allocation.

Criteria – all Directors will be invited to put forward items for inclusion in the Annual Delivery Plan/investment strategy, subject to these being consistent with the articles of association and the promotion of Freeport objectives. Key criteria will be that the projects:

- Directly support delivery of the Freeport vision;
- Would not otherwise occur;
- Demonstrably require public funding (e.g. owing to market failures); and,
- Are most appropriately funded from retained business rates, rather than from other public funding pots and are compliant with subsidy control.

We will prioritise the key workstreams of skills, innovation, and carbon net zero. Investment in these workstreams will be made to benefit the Freeport but also in a manner to reduce and mitigate displacement.

Values – the overall expected value of income from retained business rates growth, after debt charges, lifecycle costs and operating costs have been met, is £32.3m over the 25-year lifetime of the Freeport.

The residual income is based on long term projections, and as such the actual income is likely to deviate from the projections in this table. It will be the responsibility of each billing authority to ensure that there are sufficient funds to meet commitments already entered into (as set out in this

section - interest and repayment of borrowing, lifecycle and freeport operating costs) before further expenditure is committed from each ring-fenced business rates account. An indicative allocation between workstreams is as follows with the detail to be worked up as part of the Annual Delivery Plan process:

- **Skills** - 33% – delivering our Skills Plan priority activities including ii) Marine Skills Academy operating as a hub and spoke delivering technical skills at Levels 3 - 6 ii) delivery of sector specific bootcamps working with businesses and training providers to upskill our workforce across the region iii) support for unemployed and harder to reach groups working with DWP and extending Employment Hubs across the region iv) working with employers to increase participation in STEM through enhancing local careers advice and guidance programmes;
- **Innovation** – 33% - delivering our Innovation Strategy. Priority activities include i) establishing a Freeport Innovation Service ii) Smart Port Plymouth iii) test Facilities for Offshore Wind Power; iv) supply chain development opportunities outside the Freeport supporting marine, defence, space and low carbon clusters; and,
- **Carbon net zero projects** – 33% - developing and delivering a range of low carbon solutions to decrease carbon emissions against our baseline in accordance with our net zero plan including opportunities from FLOW, expanding Hydrogen Hubs and other green technology opportunities.

Projects that seek to reduce and mitigate displacement will be included within the above.

Displacement is most likely to occur outside the Freeport area. Consequently, 20% of any net surplus will be set aside for Devon County Council to invest to offset the impact of displacement and support priorities aligned to the wider objectives of the Freeport, in consultation with the three Local Authority members. South Hams DC will have political priorities aligned to the wider objectives of the Freeport and will also set aside 20% of any net surplus to finance these priorities, in consultation with the three local authority members. The remaining 60% of the surplus to be invested according to the sharing agreement and with due regard to the priorities mutually agreed between the partners at the Members Steering Group to meet wider Freeport objectives with the early priorities being innovation, carbon net zero and skills funding as well as offsetting the impact of any displacement of economic activity from the surrounding area.

Note: 75% of the total Freeport operating costs from year 6 will be funded from the South Hams designated areas, up to a maximum of £350,000 each year and subject to an annual review.

Note: 25% of the total Freeport operating costs from year 6 will be funded from the Plymouth designated areas.

Deficits - South Hams and Plymouth operate separate business rates accounts. For each separate account should business rates income in any one year be insufficient to meet the debt charges, lifecycle costs and share of the operating costs of the Freeport then a deficit will arise. This deficit will be met by any cumulative surplus from previous years. If there is still a deficit then it is carried forward to be met from business rates in future years.

Local Authority accounting rules may require each Local Authority to meet the costs of the deficit in the year it arises but any deficit will be reimbursed from futures surpluses. For the South Hams account the deficit will be met in proportion to the borrowing outstanding at the end of that financial year for Devon County Council and South Hams District Council. Plymouth will be responsible for any deficit arising from its account.

This policy will be reviewed annually by the three partner authorities, in the Members Steering Group, where an evaluation will take place of the delivery of the policy, including revisions to the

financial model. Any changes to this policy require the unanimous agreement of the three local authorities, Plymouth CC, South Hams DC and Devon CC.

Clear evidence of displacement, including negative labour market impacts and skills provision, loss of business whole or in part including relocation, will be reviewed and considered by the two authorities in deciding the uses of these sums.

Planned Borrowing - £29.1m of public match borrowing against future income from retained business rates through TIF is required to support the capital investment programme detailed in the Financial Case. All borrowing is required in the first five years of the Freeport's life (2022/23 to 2026/27). Borrowing will be sourced from PWLB through annuity loans (repayment of principal during the lifetime of the loans) or from internal funding where this is available.

The estimates of capital expenditure and the associated borrowing may differ from the actual costs at the time the expenditure is incurred. Any cost overruns will be met from the relevant ring-fenced business rates account (South Hams business rates account to cover South Hams District Council and Devon County Council costs, Plymouth business rates account to meet costs incurred by Plymouth).

Decision Making and Ownership – decisions regarding the use of retained rates will be taken by the Company Members by unanimous agreement in accordance with the annual delivery plan in order to best equip the Freeport to realise its objectives.

1di4. Customs Sites – we intend to bring forward customs sites at our Langage and Sherford tax sites (subject to agreement of the respective Operators), alongside an initial facility at Burrington Way, in order for businesses investing in the Freeport to benefit from: **duty suspension; duty flexibility;** and, **duty exemption** along with **simplified import declarations**. In addition to storage/warehousing, the sites will provide for manufacturing operations. The combination of these benefits will boost international competitiveness and make the Freeport more attractive to potential investors.

The Burrington Way customs site (located on an Industrial Estate in the North of Plymouth) is needed in the short term because the Langage and Sherford sites are both on greenfield land that needs supporting infrastructure to proceed. The size, configuration and temporary nature of the Burrington Way site means that it is intended to be used by the site owner on an exclusive basis. The process is well underway for this site and the proposed Operator to be authorised by HMRC, with a 12-month window to activate use of the customs procedure. As part of the Freeport footprint, the Burrington Way site would, subject to approval and agreement of the Operator, be our initial – and therefore in the short-term - primary customs site, serving immediate needs. Note: as the site itself is already developed, is expected to be temporary and is sitting outside of our tax site boundaries, this site has been excluded from our economic and financial modelling.

It should be noted that other opportunities will also be explored to develop additional customs sites within the Freeport outer boundary over time as dictated by business demand.

1di5. Planning - the adopted statutory Plymouth and South West Devon JLP covering the Plymouth Policy Area and urban fringe provides robust foundations for bringing forward the Freeport. The JLP allocates employment uses for the Langage and Sherford sites in entirety, and part of the South Yard site. Our proposals for the South Yard tax site that fall outside the existing allocation align with the policy contents of the JLP. Beyond JLP policy commitment, the Langage and Sherford sites benefit from outline permissions – for details see Section 4a. For Langage and Sherford, an experienced development management delivery team dedicated to Plymouth's urban fringe (currently delivering

Sherford new community and other strategic allocations to the north of Plymouth), will lead in ensuring planning matters are dealt with at pace.

1di6. Innovation – we will utilise the benefits of Freeport status to drive innovation into the marine, defence and space sectors, leveraging existing initiatives such Ocean Futures, the South West Regional Defence and Security Cluster (SWRDSC) and South West Centre of Excellence for Satellite Applications (SWCoESA). Bringing together business, strategic, and knowledge partners, this will support the development and adoption of innovative technologies, products, processes and services to position PASD as a national and global leader. Our innovation activity will build on a long commitment to partnership working across the public, private and voluntary sector and will address the shortfalls identified at section 1c.

The Freeport will use Freeport tax breaks and innovation facilities to stimulate innovation at Technology Readiness Levels (TRL) 5/6 and above. End-User Derived Innovation will facilitate UK and overseas specialist component developers (usually SMEs) to develop new innovative solutions that genuinely address end-user needs and have a market demand, bridging the ‘valley of death’ associated with the commercialisation of technological innovation. It will allow components that need to be sourced outside of the UK to be integrated into products for onward sale both within the UK, and, export markets. Our plans also include collaborating with other areas, both within the UK and overseas to create ‘technology bridges’ for mutual advantage.

As part of our innovation and solution testing, we will leverage the University of Plymouth’s **Cyber-SHIP Lab and the partnerships with Border Force, National Office of Counter Terrorism**, who want to ensure that new thinking is developed that safeguards the risk of smuggling, whilst embracing the efficiencies that increased digitisation of smart ports creates. We will look to create **Smart Port solutions** to deal with these modern risks and pilot these in the Port of Plymouth within a Smart Port Lab. A number of our Innovation Hotbed enterprises are actively developing solutions in this field and we will support them and others to manifest additional Smart Port investment and activity. Our Innovation Strategy includes:

- **Marketing and Communications** – to shine a spotlight on the PASD Freeport and encourage inward investment into the region;
- **The development of a Freeport Innovation Service** - to accelerate the innovation opportunities to businesses locating in the tax sites, their local supply chains (including SMEs), research agency alignments and to ensure Freeport businesses are best represented and leading projects within wider regional clusters; and,
- **Commercialisation** - to ensure that the innovation opportunities are translated in commercial realities.

With a clear net zero focus, our innovation activities will address clean ocean technologies, smart ports and marine autonomous systems which will lead to significant positive impacts as follows:

- **Clean Ocean Technologies** – providing the ability to test, trial, prototype and adopt the following which will help meet net zero carbon emissions targets and make a significant impact on the clean maritime agenda: electric charging infrastructure; hydrogen hybrid solutions; synthetic and e-maritime fuels; offshore renewable energy;
- **Smart Ports** – providing the ability to increase efficiency and optimisation in uncongested waters, which will lead to growth and productivity gains in global markets where we have the opportunity to be a test site, also creating new markets and a blueprint for the future; and,

- **Marine Autonomous Systems** – providing the ability to develop agreed standards as well as more efficient systems which will meet the demands of the sector around integrating multiple systems and optimisation of autonomous systems.

Our core enabling technology in autonomy can also support other regional strengths in areas such as smart aviation and energy.

We welcome the opportunity to engage in a Freeports Regulation Engagement Network (FREN), which will enable early engagement between innovative businesses and regulators to ensure that evolving regulation and legislation embrace new technological development, without compromising safety and security. The pace of technological change often outstrips regulatory development, and the FREN will provide an opportunity to engage the business and research community with regulators to evaluate the new operational parameters of any technological development in a controlled environment. Immediate priorities include:

- **Regulatory flexibility** - in Smart Sound Plymouth (SSP) to establish an innovation space that unlocks the potential for SSP to be leveraged as a regulatory sandbox and certification area of new solutions in the rapidly evolving legal and regulatory landscape. A consortium of stakeholders are in talks with the National Physical Laboratory and Lloyds Register to develop a nationally recognised centre designed to supply the global market. As an enabler for this we are also working with an industry partner to facilitate a bilateral UK/Saudi agreement or ‘tech bridge’ to jointly develop standards, with the focus of the first project for Plymouth being on commonality of data standards for marine autonomy;
- **Regulatory freedom** - to encourage international original equipment manufacturers (OEMs) to engage in localised experimentation and explore the limits and challenges of Maritime Awareness System (MAS) interoperability for collision avoidance between technologies and develop potential solutions and standards that could in turn influence regulations themselves;
- **Clean Maritime** - the differing weight and loadings associated with power produced from alternative fuels including electric propulsion and hydrogen requires close attention to the interpretation of existing Class Rules and the development of new Standards. These are to address core structural Naval Architecture aspects, safety cases and on-going maintenance. Regulatory flexibility to install waterside electric charging infrastructure will also be required before standardisation can be adopted throughout the sector; and,
- **Smart Ports** - digital infrastructure and increasing autonomy in marine, road and rail have the potential to introduce greater efficiencies into Port operation. However, these must be introduced within an appropriate regulatory environment that does not compromise security.

The PASD Freeport Innovation Manager will be the FREN Co-ordinator. They will work closely with the Freeport Innovation Service Team to ensure that regulatory matters in all innovation plans are understood for the Freeport businesses and that these businesses are aware of, and actively participate in, the FREN opportunity. In addition, the Innovation Manager will liaise with the marine, defence and space sectors clusters - and their innovation leads - to proactively seek projects that are experiencing similar regulatory issues (or who are progressing well with regulators) to combine and focus efforts leveraging the FREN. They will help to prioritise the focus of FREN for PASD Freeport sub-sectors and create a list of regulatory issues to solve, maintaining a register and RAG rating them in terms of resolution.

The Freeport Innovation Manager will also work closely with the Trade & Investment Manager to profile the current FREN activity for PASD Freeport and exhibit key deregulation and new regulation success stories. These two roles will ensure that the FREN becomes a key part of our overall proposition and international marketing collateral. The Innovation Manager will also join Freeport wide meetings and hold regular meeting with FREN counterparts.

It is expected that innovation bids will be made to a variety of funding streams including UKRI; IUK; Horizon Europe; the Shared Prosperity Fund (when launched); and, Build Back Better funding (via the LEP) and we will be working with Local Authorities to integrate with the County Deals. Activity will also be developed through HE/industry collaborations.

1di7. Trade and Investment Promotion – we will work collaboratively with the DIT to develop and deliver bespoke Trade and Investment activity centred on attracting new investment to the Freeport and ensuring businesses that set up in the Freeport and surrounding area are well positioned to maximise export opportunities. It is anticipated that the collaboration activity will be developed through an iterative process, driven by a new locally led **PASD Freeport T&I Task Force** comprising local and national representatives, and informed by the new **UK Export Strategy**. Furthermore, the PASD Freeport T&I activity will look to build on and enhance the work that has been delivered through DIT's HPO programme in the South West, specifically the Marine Autonomy HPO.

The early phase activity of this Task Force will centre on the identification of target markets and businesses, working with DIT's Knowledge Lab to explore hotspots of activity across the globe that align to the defined focus sectors. In tandem with this activity, we will develop marketing collateral in line with the Marketing and Communications Strategy (see Section 5c) to communicate the PASD Freeport offer in its entirety to potential investors, highlighting the strength of the focus sectors and the wider support available to businesses specifically around encouraging export activity (Export Academy and through the Plymouth and Devon Chamber of Commerce). This marketing collateral will be used to engage identified businesses with targeted communications but also to stimulate interest in the Freeport more broadly within targeted markets. In order to manage the activity, we will work with DIT's regional team (Head of Trade – South West England) to agree a process for engaging with and landing potential investors and additionally for triaging relevant support into businesses to ensure the activity creates a long-term boost to the local and national economy and an on-going levelling up of the region.

We expect the activity to be built around four distinct areas: identify, land, retain, and oversee and manage as shown in Table Nine below. The majority of the activity will be led locally by the Economic Development teams of the respective PASD Freeport Local Authorities as well as the Freeport central marketing resource and will draw in the expertise of DIT and other partner organisations when required.

Table Nine: Summary of Trade and Investment Activity

Activity	Timeline
Investor Targeting	
Understand which markets key investment 'wins' are likely to come from. This work should focus on the countries that the UK currently has no Trade Agreement with to ensure the benefits of the Freeport are not diluted	30 th June 2022 - iterative over the lifetime of the Freeport
Work with DIT to identify potential businesses that we want to land and target with rifle shot communications	30 th June 2022 - iterative over the lifetime of the Freeport
Work with local businesses through ongoing Business Relationship Meetings to understand if there is scope to onshore / localise companies within their supply / value chains	30 th Jun 2022 - iterative over the lifetime of the Freeport
Target and Lead Generation and Engagement	
Work with the Freeport Marketing and Communications resource to develop bespoke digital marketing assets including a website, social media channels and a brand for the PASD Freeport	30 th June 2022 - iterative over the lifetime of the Freeport
Develop new marketing collateral to clearly articulate the regional and national export support available to businesses (e.g. Export Academy), the incentives that being located in a Freeport offers to exporting businesses, and the strengths of the focus sectors. This marketing collateral will also describe the bespoke business support that businesses will be able to utilise if operating out of the PASD Freeport such as support with HMRC authorisation, skills analysis and supply chain analysis, UK Culture Coaching offer and support on how to access the finance marketplace - Initial version in circulation from June 1st 2022	30 th June 2022 - iterative over the lifetime of the Freeport

Activity	Timeline
Develop marketing collateral which clearly articulates the availability of land, existing planning status, costs, freehold/leasehold etc. to inform discussions / campaigns working with DIT Capital Investment team	30 th June 2022
Continue to monitor the relevance of the South West HPOs and where necessary update the content and even the focus to ensure it appropriately covers the real opportunity	31 st Oct 2022 - iterative over the lifetime of the Freeport
Work with DIT Investment Services Team and International Trade Advisors to agree an approach to engage with identified target businesses	30 th June 2022
Link with DIT Investment Hubs to ensure overseas posts are informed about the PASD Freeport offer	30 th Sept 2022 - iterative over the lifetime of the Freeport
Continue to monitor and update the work done on the existing HPOs to ensure the target business list produced continues to be applicable	31 st Oct 2022 - iterative over the lifetime of the Freeport
Work with Destination Plymouth and DIT to explore the potential to use niche tech focused conferences as a tool for identifying potential inward investors this activity will include both the attendance of key conferences but also the hosting of some locally - initial draft completed March 22	30 th Jun 2022 - iterative over the lifetime of the Freeport
Landing	
Identify and appoint from within the relevant Local Authorities a named local account manager and an account manager from within DITs Investment Services Team (IST) to support the business by supporting and facilitating site visits, making relevant introductions with key stakeholders locally and nationally, providing tailored business specific data relating to workforce availability, quality of life, and cost of doing business within the wider PASD Freeport region as well as other intelligence that will inform a business's decision making.	On-going
Work with the Heart of the South West LEP and specifically engage with the ERDF funded FDI Soft Landings programme to access funding for SMEs landing in to the Freeport	On-going while the ERDF programme has funding
Work with the Heart of the South West LEP and specifically engage with the ERDF funded 'Internationalisation Fund' to enhance and increase export activity across the HotSW geography	On-going while the ERDF programme has funding
Undertake an initial meeting with the business to agree a method of monitoring and tracking its progress towards achieving job creation / trade growth goals	On-going
Retaining	
Provide excellent aftercare to businesses landing in the area through the continued delivery of a Business Relationship Programme (BRP) working with key DIT account managers	31 st July 2022
Through the BRP undertake on-going and regular engagement meetings, identify areas of need, triage and signpost businesses to the relevant support programmes including DIT's Export Academy / International Trade Advisors and Technology Specialists	30 th June 2022 and on-going
Engage with local export experts such as the Plymouth and Devon Chamber of Commerce and DIT Trade Advisors to ensure all businesses in the area are maximising their export potential, deliver 1-2-many workshops and webinars with DIT experts, providing ITA support for relevant companies with significant growth potential	30 th June 2022 and on-going
Continue to invest into the innovation infrastructure and ecosystem within the area for example; SMART sound to enhance the proposition and help drive export figures / business growth and expansion	30 th September 2022 but iterative over the lifetime of the Freeport
Overseeing and Managing	
Each partner to identify a named person(s) to sit within a Trade and Investment Task Force One EDO from each LA + DIT Investment and Trade leads for the South West Region Existing Freeport Comms and Marketing resource	30 th April 2022
Identify and adopt a suitable mechanism to monitor pipeline interest and stakeholder engagement in the Freeport	30 th April 2022

1di8. Skills and Workforce Development – we will accelerate and drive forward higher value employment and training opportunities across our high value manufacturing sectors, whilst also enabling new employment opportunities, inclusion opportunities, education and career options and wider supply chain innovation and enterprise activity.

This activity will be driven by our dedicated Regeneration and Skills Board via our adopted Skills Plan. Consisting of 10-12 members, including representatives from the three Local Authorities, relevant FE Colleges, universities, trade unions and business representative organisations, it will report directly into the Freeport Board of Directors, providing the Board with assurance and oversight of skills and workforce development activity. A dedicated Freeport Skills Co-ordinator will provide secretariat functions and be the Regeneration and Skills Group's primary point of contact between its strategic

ambitions for the Freeport and delivery on the ground. This will include co-ordination of delivery across the sites, supporting end users to engage with Freeport skills objectives. The Skills Plan closely aligns with the work and ambitions / priorities of the Local Skills Report and the Skills Advisory Panel within the Heart of the SW, specifically around securing additional resource to support curriculum development within opportunity areas and supporting higher level specialisation but also in piloting skills escalator programmes and, developing supported pathways into higher value careers for those with more complex backgrounds. The Skills Plan is based around five key activity strands:

- Strand 1: Skills Mapping and Career Pathways;
- Strand 2: Employment and Skills Pipeline Development;
- Strand 3: Upskilling and Re-skilling;
- Strand 4: Apprenticeships, Traineeships; and,
- Strand 5: Higher Education and Innovation.

PASD incorporate some of the most vulnerable areas within the South West around existing skills and employment performance. The Freeport will offer considerable opportunities around increased employment, training and skills development. Likely occupational modelling suggests that these roles will also generate an average wage level of £31,519, comparing favourably to an average of £25,200 per annum across the Plymouth and Devon administrative area, and £24,600 within a 60-minutes' drive time of the Freeport itself. In bringing forward this opportunity, we will develop:

- **Skills and employment governance** – as set out above with clear arrangements for employment and skills provision (see also Section 5). This will also seek to integrate internal Freeport governance alongside the emerging Greater Devon Local Skills Investment Partnership and any future arrangements through the Devon, Plymouth and Torbay Devolution Deal;
- **Employment and skills pipeline development** – bringing together supply and demand to develop curriculum, capacity and course provision, reinforcing the Government's White Paper approach to skills development moving forward;
- **Support for unemployment and harder to reach** – including joint working with the DWP and others around Sector Skills Academy programmes, youth and adult's hub activity, Kickstart and Restart provision and other work coach and advisor led referrals and signposting. Work will also be undertaken to identify specific gaps and issues for those further from the market to access relevant jobs, seeking to focus specifically on NEETs, older adults, women, those with a disability, those from a BAME or other community which may be less represented, and those from more deprived communities/ backgrounds. Programmes such as the upcoming Multiply national numeracy provision for adults, alongside wider functional and basic skills provision, will then be drawn upon to accelerate onboarding and support those with the most acute skills gaps to access employment (see Section 1g);
- **Apprenticeship, Traineeship and T Levels** – identifying and prioritising uptake of vocational opportunities within the area, building the activity into the site's development by design. This will include opportunities through the build process, as well as through the longer-term operation of occupiers, with models such as Local Labour Agreements;
- **Technical Skills Development / Curriculum Development** – working with college and university partners and employers, including through shared bodies such as the Institute of Technology, to ensure a close alignment between local provision and employer demand;
- **Higher Education and Innovation** – maximising the supply of relevant skilled and innovative people to drive innovation and entrepreneurial activity within the Freeport. This will include the up/reskilling of the existing workforce to create more opportunities for career progression and to adapt to new opportunities in areas such as digital transformation, autonomy and offshore renewable energy. New taught programmes at Level 7 are being developed as MScs as well as degree and post graduate apprenticeship; and,

- **Skills and Training Infrastructure Development / Enhancement** – supporting the development of potentially catalytic infrastructure investment and enhancement. This will build on recent investments including the new Engineering and Design facility under construction at the University of Plymouth and the South Devon College Marine Academy at Noss-on-Dart (<https://www.southdevon.ac.uk/college/south-devon-marine-academy>). Seeking to deliver new investment through projects such as the Marine Skills Academy, we aim to maximise the impact of the Freeport for the local area and inclusive opportunities across Plymouth and Devon. As one of our flagship projects, facilitated in part through the use of retained business rates, our vision for the Marine Skills Academy is to create a hub and spoke model with a physical centre, delivering technical skills at Levels 3-6. Aligning closely with our innovation strategy, it will be driven by employer collaboration, responding directly to employer needs and we estimate that there will be between 300 and 500 learners per year.

1dii) Wider Interventions

Complementing Existing/Confirmed Public and Private Sector Investments

The PASD Freeport builds on a number of wider activities that have or will support us to deliver our objectives both directly and indirectly e.g. by improving the attractiveness of the area as a place to live and work (including the provision of 5,500 homes, schools, sports centres and other facilities at Sherford which will be available for future employees).

Other Government Initiatives/National Strategic Alignment

Net Zero - the UK Government has set the goal to reach net zero by 2050. At a policy level, the Industrial Decarbonisation Strategy, published in March 2021, sets out the industrial roadmap to net zero including: supporting investors/consumers to choose low carbon; adopting 'low-regret' technologies and infrastructure; improving efficiency and accelerating innovation of low carbon technologies. This will be delivered within a global market and with a focus on levelling up. The development of the Freeport will be compliant with these commitments and through its focus on innovation and adoption of 'low-regret' technologies it will be on the front line of positive net zero actions (see Section 1g). It will also provide an exciting opportunity to pilot short sea shipping.

Maritime 2050 - Freeports are one of the headline trade recommendations in Maritime 2050 in support of competition in a globalised world where Plymouth has already established a clear lead.

Innovation Strategy – Freeport innovation activity will directly contribute to a number of the pillars as set out the government's vision to make the UK a global hub for innovation by 2035.

Levelling Up – PASD have an identified need to level-up and the government has announced its intentions to Build Back Better, through the plan for growth issued by HM Treasury in March 2021. The focus on high quality infrastructure, skills and innovation is at the heart of our proposals within the Freeport. Furthermore, with the publication of the Levelling Up White Paper last autumn, we have ensured that our project is fully aligned with the policy intention and will provide a catalyst to further develop the opportunities within the Freeport.

UK Government Funding - the UK Government is a key investor in the marine and defence sectors that are at the heart of our proposal. The Freeport builds on the Plymouth and the South West Peninsula £30m City Deal investment made at the South Yard site in 2014 to create the UK's first Marine Enterprise Zone at Oceansgate. The Freeport is enhanced by and aligned with by a range of recent and significant on-going investments by government, which include:

- **Local Growth Fund** – grants have been awarded across multiple phases that supports activity within the Freeport i.e. to develop Oceansgate Phase 1 at South Yard, to the City College

Plymouth STEM Centre, to the High Tech Centre at South Devon College and for the A38 Deep Lane junction;

- **Growth Deal Digital Extension** – investment has created the first marine 5G network in Smart Sound Plymouth and to boost mobile connectivity etc.;
- **Transforming Cities Fund** – finance has been committed to a local transport revolution to deliver transformative infrastructure, innovative technology and effective behaviour change. Amongst other things this will improve walking and cycling routes between Devonport and the City Centre and the transport interchange at St Budeaux, thus improving accessibility to the South Yard site;
- **Getting Building Fund** - the Plymouth Sound National Marine Park and Plymouth Train Station are examples of the government's on-going capital investment in local infrastructure and innovation in the Freeport area; and,
- **Department of Transport Growth Deal and National Highways Growth and Housing Fund** - towards the Forder Valley Link Road.

More recently, applications were submitted by both Plymouth City Council and Devon County Council to the Levelling Up Fund (LUF) and UK Community Renewal Fund (CRF). Plymouth was awarded LUF funds for a transport scheme in the North of the city which will help to alleviate congestion, thus contributing to the overall Freeport proposition. The city was also successful in securing CRF funding for a National Marine Park project complementing the Heritage Fund award to support early-stage development of physical Gateway Hubs, SME business support, new 'blue' businesses / products, waterfront decarbonisation and public engagement. In Devon, CRF was secured across the areas, covering a range of activity. This includes support for Devon's Biosphere programme which is a net-zero economic development programme in North Devon/Torridge to stimulate marine and catchment jobs and raise social mobility, as well as a range of skills, digital, employment, community transport and business support programmes, supporting those further from the market, facing a disability or other health barrier, and communities most disconnected from economic opportunities. 12 out of 13 of these projects will benefit the area immediately adjacent to the Freeport. These pilots will also generate useful learning about 'what works' for different client groups that will be of value in developing the Freeport Skills Plan. Over and above this, the Ocean Futures programme has developed a 10-year plan which includes an ask from HMG (specifically Innovate UK, DfT and BEIS) for an essential region wide innovation service to continue to support SME and primes and ensure its existing and new innovation testing assets are kept in service.

Looking ahead, partners will also be seeking to maximise the value of the soon to be announced Shared Prosperity Fund (UKSPF) for the Freeport's operation, as well as any further freedoms and flexibilities around resources emerging from the Devon, Torbay and Plymouth County Deal. Partners will be seeking to maximise the value of any new funds emerging from these two initiatives, with a focus on fast tracking and broadening the scope and pace of the Freeport's delivery. This will have a particular emphasis on programmes which can support workforce development, local and aligned regeneration and renewal activity, improve related social inclusion and mobility opportunities linked to work within the Freeport, and more generally facilitate delivery and uptake of the Freeport physical and economic offer. Lead partners will be considering these ambitions further as Government announces more details on these new funds over the next six months.

Local Strategic Alignment

The Freeport directly supports the area's plans for strategic development and economic growth. The statutory Plymouth & South West Devon JLP was adopted in March 2019 by PCC, South Hams District Council and West Devon Borough Council. This document sets a shared spatial strategy for the long-term future of the city region, looking at the future of the city's economy, plans for transport and housing needs. The Freeport will directly facilitate several elements of Strategic

Objectives 3 and 5 within the JLP; delivering economic growth (with all sites included as future employment locations) and identified infrastructure requirements (including sustainable transport and network improvements) in Plymouth's Waterfront and Eastern Growth Areas.

It also aligns closely with Plymouth's 'Delivering Economic Growth' and Devon's 'Strategy for Growth.' Furthermore, it will support Plymouth and Devon's individual economic recovery plans to build back better from the COVID-19 pandemic. Plymouth's 'Resurgam' and Devon's 'Team Devon Recovery Prospectus' both place an emphasis on investment in key infrastructure for high growth sectors, as well as supporting wider growth, innovation and enterprise activity for higher value recovery.

As highlighted above, the Freeport also responds directly to a number of objectives within the Local Skills Report, delivering employment and up-skilling opportunities, including opportunities for young people and harder to reach adults. This is complemented by Local Authority development of Skills Plans. Within Plymouth, 'Skills 4 Plymouth' is the title of the evolving plan and the city recently launched the first Skills Summit in November 2021. To support skills development and career progression from school and beyond, the Employment & Skills Board has also been realigned, reporting to Growth Board locally and Skills Advisory Panel regionally.

Beyond this there is a further strong and direct alignment with wider Heart of the SW LEP ambitions. The Local Industrial Strategy, and more latterly its Building Back Better Recovery Plan focus on clean and inclusive growth, deriving from the area's strengths in Energy, Engineering and Digital Futures which will all be advanced through Freeport activity. Additionally, the Freeport will respond to the three 'Must Win Battles' identified in the Heart of the SW's Innovation and Entrepreneurship Analysis and Action Plan, which are to:

- Catalyse the key actors in the innovation and entrepreneurship ecosystem to develop a programme of Clean Growth Solutions to a post COVID Economy;
- Fully utilise our R&D Assets in support of startups, scale ups and business clusters in which we have comparative advantage; and,
- Optimise our investor networks, grants, loans and risk capital to invest in high growth potential.

1diii) Project Pipeline

Our project pipeline includes further transport and infrastructure improvements, targeted innovation projects (as highlighted above), skills projects and a Marine Skills Academy.

1e) Outputs and Outcomes

Table Ten below illustrates how our proposed activities will lead to both outputs and outcomes and support the Government's core objectives. In addition, pages 90-92 provide more detail with regard to: output definitions, volumes, whether the outputs are achieved by Freeport levers or wider interventions, the added value, how the benefits address skills shortages, geographic coverage and how they complement one another.

Table Ten: Activities, Outputs and Outcomes

Core Freeport Activities		
<ul style="list-style-type: none"> Delivering land remediation and supporting transport infrastructure to develop our sites National and global marketing to attract investment and stimulate exporting Enhancing port infrastructure Implementing our skills plan with the development of a marine skills academy Implementing our innovation strategy (including the innovation centre) 		
Indicative Outputs		
<ul style="list-style-type: none"> 20 new businesses trading through the Freeport tax sites 8 new FDI attracted to the Freeport £441m additional trade throughput % increase in value/tonnage of cargo through Port by 2046 % Increase in cargo (tonnes) arriving from other UK ports by 2046 <p>(volume uplift in the above to be aligned with national Freeport M&E Framework)</p>	<ul style="list-style-type: none"> 88.3 hectares of land developed 3,584 gross new jobs created £249.67 m private sector investment in buildings and development on our three sites (based on modelling) Approx. 50 people upskilled, gaining qualifications (through aligned activity) per year Approx. 10% of jobs filled by inactive claimants and registered unemployed 3,000 Sqm of skills infrastructure (Marine Skills Academy) – delivered as a hub and spoke model Delivery of trained workforce in marine skills (300-500 learners per year through the Marine Skills Academy) 	<p>With a strong zero carbon focus:</p> <ul style="list-style-type: none"> 2,400 Sqm new innovation space 160 business diagnostics £16m private R&D investment 20 new to market and 40 new to firm products 8 new patent applications filed 48 collaborative business/academic projects including KTPs, industrial PhDs and large-scale JIPs/industry consortia 10 student placements annually 8 funded collaborative R&D projects (national grant awards)
Measurable Outcomes		
<ul style="list-style-type: none"> Increase in trade throughput Increase in short sea shipping Reduction in freight transport emissions Improved regional connectivity Increase in investment (domestic and FDI) Increase in number of businesses exporting 	<ul style="list-style-type: none"> Increase in employment and economic activity rates Increase in average F/T earnings (from manufacturing and sector specific growth) Increase in economic specialisation (marine/autonomy/defence cluster) Decrease in deprivation Enhanced skills facilities 	<ul style="list-style-type: none"> Increase in R&D spend Boosting GVA through increasing high value economic activity Increase in productivity Contribution to net zero research and innovation agendas Extension of regional national and international networks
Government Objectives		
<u>NATIONAL HUBS FOR GLOBAL TRADE AND INVESTMENT</u>	<u>PROMOTE REGENERATION AND JOB CREATION</u>	<u>CREATE HOTBEDS FOR INNOVATION</u>

1f) Tax Site Compliance

Our three tax sites comply with the Freeport requirements. They are all within the 45km Freeport Outer Boundary and are clearly delineated on a map. They are all situated within the Plymouth Travel to Work Area (TTWA) which, as highlighted in section 1a) has an identified need to level up with GVA per head having been approximately 25% lower than the UK average for the last 5 years; productivity (GVA per hour) being 13% lower than the UK average in Plymouth and 18% lower in the South Hams; and, unemployment in Plymouth also being higher than the national average for the last five years. Despite successive regeneration initiatives Plymouth remains within the 20% most deprived local authority districts in England. The Plymouth and South Devon area is also characterised by a low wage economy and outside of its immediate tax site footprint the Freeport Outer Boundary includes extensive rural and coastal areas in Devon which are likewise characterised by low wage employment and limited opportunities. Table Eleven provides an overview of each site and further detail has been provided to Treasury following our OBC submission.

Table Eleven: How the Tax Sites Deliver Freeport Objectives

	Tax Site 1: South Yard	Tax Site 2: Langage	Tax Site 3: Sherford
Meeting regeneration need	Located in Devonport which has high levels of deprivation, containing some Lower Super Output Areas (LSOAs) that are in worst 1% in the country	Whilst sitting outside the most deprived parts of the TTWA, Langage and Sherford both offer space and connectivity which is in short supply around the waterfront for businesses to locate and expand	
Utilising underdeveloped land in need of regeneration	Located on a historic naval dockyard the site consists of a wide range of buildings, old and new, including a significant number of protected, Listed Buildings, some of which are obsolescent / dilapidated, and either disused or underused. Part of the site has been sold to Princess Yachts for the construction of motor yachts but the majority of the site is retained by the MOD. A proportion of this has been leased by the MOD to Plymouth City Council under the City Deal and the rest is used predominately by MOD contractors. These sites contain viable unoccupied and/or under occupied space where Freeport tax status can help expedite and enable significant business expansion. It is expected that initial investment plans by key resident enterprises will unlock the remainder of their respective sites as part of an integrated, holistic strategy that will ultimately bring back more areas into efficient and productive use	There are currently no buildings on either site (note: at OBC a small number of buildings had been included on Langage which had started to come forward since the original Freeport bid was submitted. As these represent deadweight, they have now been excluded from the tax site boundary)	
Employees	There are approx. 531 employees at the South Yard site. An estimated 90% live within the PTTWA. Note: the number of jobs at South Yard has been adjusted down from 770 since the OBC was submitted as a result of a) gaining a better understanding of workflows for our resident enterprises and b) the removal of the existing Oceansgate Enterprise Zone from the tax site boundary	There are no employees on either of the sites being brought forward within the tax window	
Why the optimal site	It builds on and adds value to previous investments dating back to the City Deal and is the only viable place in which to locate our Innovation Hotbed in order to achieve critical mass. There is interest from others like University of Plymouth for a Floating Offshore Wind training facility and City College Plymouth is involved – training locals for jobs of tomorrow	The sites have both been designated as employment land but have not historically been brought forward due to the viability gap which the Freeport will unlock	
Timeline for approval	The Innovation Centre and Mobility Hub will start to come forward in 2022/3 as will the Princess Yachts factory. Other South Yard repurposing and redevelopment will start in 2024/5	Phase 1 will start coming forward in 2022/23	It is intended that the site will start coming forward in 2022/23
Avoiding Displacement	Our Gateway Policy for all three sites will ensure that the Freeport delivers genuine additionality and does not displace activity from elsewhere in the UK		

1g) Net Zero

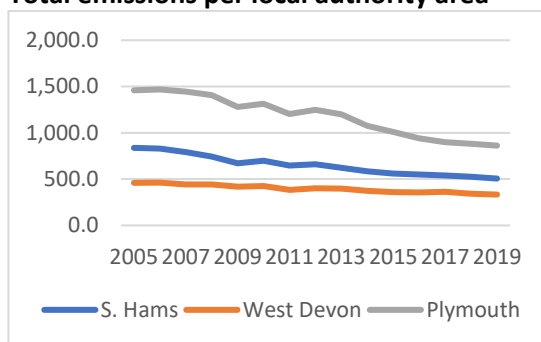
Ambition - the Plymouth and South Devon Freeport has a high-level ambition to:

‘Act as an exemplar whereby working with local partners delivers a net zero emissions target for the area covered by the Freeport’s outer boundary and wider region significantly ahead of 2050.’

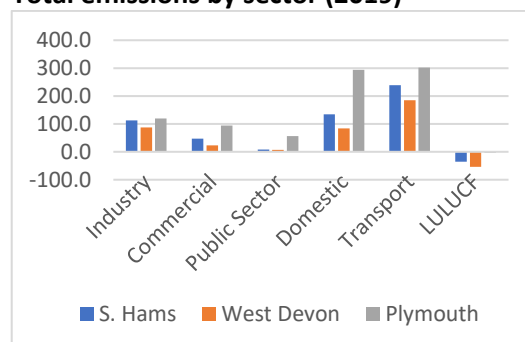
This ambition aligns with our wider strategic ambition set out in the Devon Climate Plan as well as partner authorities’ individual targets. More broadly, through our innovation agenda, we have an ambition to contribute to the development of clean maritime technologies as well as zero carbon shipping (not covered in emission inventories).

Baseline and Progress to Date - the graphs below show that total emissions have fallen by 41% in Plymouth, 40% in South Hams and 27% in West Devon since 2005.^{xxii} This compares with a 34.5% reduction for the UK over the same time period. Across all three areas transport emissions have been the slowest to fall and now account for the largest share of emissions, highlighting the need for viable alternatives such as hydrogen supply chain for transport networks.

Total emissions per local authority area



Total emissions by sector (2019)



Source: UK local authority and regional carbon dioxide emissions national statistics: 2005-2019, BEIS, 2021

An initial baseline review of the carbon profile of the three tax sites has been undertaken by the Freeports Hub including an analysis of whole life operational carbon and whole life embodied material carbon of buildings. This provides a first step in understanding the carbon profile of the specific sites, though it is recognised that continued and further detailed studies of the carbon associated with the development and operation of the tax sites will be key in building a robust profile of the carbon timeline, offsetting needs, and management needed to secure net-zero in line with the Freeport's targets.

Milestones and Targets for Achieving Net Zero - all three Local Authorities covered by the Freeport outer boundary as well as Devon County Council have committed to achieving net zero by 2050 or earlier. In the case of Plymouth, West Devon and Devon, the authorities have committed to achieving net zero by 2030. South Hams has committed to achieving net zero by 2050 and it is expected that milestones will be achieved in line with Government targets for 2030 and 2035. We will monitor and report progress in terms of our scope 1 and 2 emissions (direct and indirect), but in addition, we will strongly work towards reducing our scope 3 emissions (supply chains). Achieving net zero by 2030 will require us to act three times faster than envisaged by Government policies. Our Freeport will act as a catalyst, helping us to accelerate the implementation of existing technologies (such as electric vehicles and hydrogen) as well as pioneering new solutions through our Innovation Hotbed acting as a test bed for pioneering and lower carbon construction methodologies for industrial designs that promote circular economy measures. Table Twelve shows our Freeport proposals which directly contribute to our net zero ambition.

Table Twelve: Freeport Proposals Contributing to Net Zero Ambition

Project	Source of Funding	Contribution to Net Zero and Wider Benefits
A 10MW Green Hydrogen Electrolyser at Langage	Private sector	<ul style="list-style-type: none"> Underpins Government's Hydrogen Strategy A live wire connection to the onsite solar farm and sleeved power Purchase Agreements will ensure 100% green energy usage, providing a low carbon fuel for shipping and HGVs and buses Creates 10 new green jobs
Pedestrian and Cycle Bridge connecting Sherford and Langage	Seed and public sector	<ul style="list-style-type: none"> Enables safe walking and cycle routes between Sherford and Langage and the communities that live on either side of the A38 Reduces transport emissions
Mobility Hub at Langage (as part of core infrastructure)	Seed and public sector	<ul style="list-style-type: none"> Will provide electric charging points for cars and cycles and lockers etc
Mobility Hub at South Yard	Seed and public sector	<ul style="list-style-type: none"> Will provide electric charging points for cars and cycles and lockers etc
Port Infrastructure Improvements	Seed and private sector	<ul style="list-style-type: none"> Will enable development of short sea shipping routes which offer a low carbon alternative to road transport
Innovation Centre at South Yard	Seed and public sector	<ul style="list-style-type: none"> Will support development of net zero technologies aligned with the marine sector with wider applications beyond

Our Plans to Meet Requirements – are as follows:

- 1) **Engagement/collaboration with local partners** – the Freeport will join the following groups:
 - The Plymouth Net Zero Action Group which is a grouping of major employers who are working towards net zero;
 - Engage with the Devon Climate Emergency Response group, which includes a range of public, private and voluntary organisations including all of Devon’s Local Authorities (including Plymouth, Devon and the South Hams). This benefits from a citizen’s assembly as well as a Task Force; and,
 - The Plymouth Decarbonisation of Maritime Group.

In addition, as described in Section 5, the Freeport will interact with a broad selection of stakeholders including local business groups (such as the Chamber who are active in this arena) and will use these opportunities to engage partners with the net zero agenda.

- 2) **Minimising the carbon footprint of investments funded by Freeport Seed Capital at the start and reducing to net zero by target date** - the Freeport Board will be responsible for delivering the Freeport’s net zero ambition including:
 - Development of a zero-carbon strategy – which will take a holistic/systems-based approach to understanding emissions and impact on other policy areas (e.g. health, economy and social);
 - Ensuring sustainable construction – the Freeport will aim to exceed basic building regulations in terms of the embodied and operational carbon associated with constructions, where possible, acting as a test bed for sustainable, low carbon industrial building construction. Table Thirteen below sets out the high-level construction techniques as well as the levers that the Freeport will use to ensure delivery.

Table Thirteen: Sustainable Construction

	Techniques	Levers for Delivery
Reducing embodied carbon	<ul style="list-style-type: none"> • Construction design which follows a lean, efficient and circular approach to avoid unnecessary waste material • Selection of responsibly sourced materials and components • Consideration of whole life maintenance impacts and embodied carbon emissions 	<ul style="list-style-type: none"> • Procurement – standards and expectations embedded into tender documents and scope • Planning - developers will be required to follow supplementary planning guidance (DEV32.1) • Landowner Agreements – requiring landowners to support net zero objectives
Reducing operational carbon	<ul style="list-style-type: none"> • Passive design measures and building fabric performance standards in line with best in class i.e. RIBA, LETI etc • Integration of renewables such as solar, heat pumps and where possible integration of heat networks 	<ul style="list-style-type: none"> • Procurement – standards and expectations embedded into tender documents and scope • Planning - developers will be required to follow supplementary planning guidance (DEV32.6) • Landowner Agreements – requiring landowners to support net zero objectives

- Engaging landowners and tenants with net zero – our Freeport resident enterprises have a strong commitment to the net zero agenda and already engage in the Plymouth Net Zero Action Group. New tenants will be encouraged to engage with the Freeport Net Zero Plan as well as wider complementary and pipeline projects;
- Reducing emissions from energy use in the Freeport – the Freeport benefits from a number of existing low carbon energy sources including the Devonport Waste Incinerator, which supplies electricity to the Dockyard and parts of South Yard as well as the Langage Power Station and solar farm which is adjacent to the Langage site. These existing sources will be

supplemented by the integration of renewables into buildings within the Freeport and options such as Heat Networks will be explored; and,

- Low carbon transport - within the Freeport we will use a combination of electric and hydrogen powered vehicles to move cargo between the port and tax/customs sites. This will be supported by Mobility Hubs at South Yard and Langage, which fit into a broader network of 50 Mobility Hubs across Plymouth. Mobility Hubs will provide electric vehicle charge points, e-bikes, car clubs, and information on local transportation for businesses, the general public, communities and visitors. Charging infrastructure will also be put in place to encourage wider port and tax site users (including RORO traffic) to use low carbon fuels. Emissions from commuter transport will be minimised through a Green Transport Plan, which will include public transport options (including park and ride) as well as walking and cycling, which build on new and existing infrastructure such as cycle ways. Alongside this, route optimisation strategies will identify the most efficient routes for transporting people and goods between Freeport sites;
- 3) **Attracting further investment in clean growth/net zero technologies and supply chains** – the PASD Freeport aims to attract investment in clean growth/ net zero technologies aligned with the marine sector (including offshore wind opportunities in the Celtic Sea). This builds on our existing maritime innovation cluster with an unrivalled research ecosystem. Our Innovation Hotbed will create a global centre of excellence for the testing, development and manufacture of autonomous, digital and clean ocean technologies. This will develop local, national and international strategic partnerships to share innovative ideas and learning and is a key part of our value proposition. The focus on marine decarbonisation aligns with wider activity in the LEP area to develop smart aviation and aerospace engineering activities where there are opportunities for technology transfer. Our complementary investments include a number of existing clean growth/net zero innovation projects that are supporting marine decarbonisation as well as wider low carbon technologies. Our pipeline investments build on this with a range of additional projects developed through Ocean Futures which includes an exciting National Centre for Coastal Autonomy, the Oceanus Research Vessel and Remote Operations Centre which will collectively create new platforms and testing facilities for marine autonomy. Alongside this, our marketing and engagement strategy will proactively target key supply chains aligned with maritime net zero as well as advanced manufacturing and engineering businesses with a focus on low carbon applications and our wider activities will ensure that the Freeport is an attractive investment to clean growth businesses;
- 4) **Providing an increased number of jobs or improvements in the skills base in the green economy** - our Freeport will create 3,547 direct jobs and a high proportion of these will be in the green economy or supply chains which will need to be closely monitored. Alongside this, practical steps such as including a requirement for contractors to take on apprentices will provide further opportunities and employment pathways to improve the green economy skills base; and,
- 5) **A sustainable procurement policy** - the Councils and wider partners have incorporated sustainability and social value principles into their procurement policies. These will be applied to the procurement of seed capital and complementary investments and will be key to the delivery of the construction phase of our Freeport. Public sector procurements in particular offer opportunities to deliver best in class engineering and construction processes that will be embedded within the construction tendering contracts and scopes.

In addition, the recently completed baseline review undertaken by the Freeports Hub sets out a series of recommendations for the Freeport to secure net zero. These will be considered and incorporated into our net zero plan which will be developed by our Freeport Manager, based on encouraging developers and end users to commit to energy targets/performance standards including for the design and construction of their developments.

1h) Equalities

The PASD Freeport partners recognise that difference is an asset which must be celebrated. We will encourage all our partners to reflect that diversity in our community. As a public-private sector endeavour we are committed to meeting the needs of our different stakeholders. We know that not only is there a business case for equality and diversity, but that morally promoting equality, championing diversity and facilitating inclusion is the right thing to do.

The PASD Freeport provides unrivalled opportunity for our stakeholders and local community. However, we know that existing socioeconomic barriers stand in the way of people reaching their potential. Labour market data show some groups (women, people with disabilities, and older workers) are already disadvantaged in the labour market in Plymouth, with lower rates of employment (83% of working-age males are employed compared to 72% of working-age females), fewer people in higher paid occupations and lower pay (people working full time in Plymouth earn 88% of the national average gross weekly pay, but for resident workers this falls to 85%). The proportion of men working in the manufacturing sector as proportion of our workforce is currently higher than the proportion of women (19.1% of males are employed in the manufacturing sector compared to 6.9% of females).

We understand the link between equality and opportunity and are committed to ensuring that the benefits of the Freeport are felt across the region. Through our Skills Plan, we will work with key employers to supply training, work experience and apprenticeships to ensure that residents in Plymouth's most deprived areas reap the benefits of the Freeport. Plymouth's most deprived LSOAs (which are amongst the most 1% cent deprived in England) are located in the wards of St Peter and the Waterfront and Devonport.

Our partners' commitment to equality and diversity along with several already established initiatives in Plymouth and Devon will also contribute to us delivering the Freeport's vision. For example, the South West Institute of Technology's vision highlights its commitment to increasing social mobility, reaching under-represented groups and improving gender balance. examples of the on-going work to promote equality within the Freeport area. The Science, Technology, Engineering and Mathematics (STEM) sector is continuing to grow at a rapid rate; however, females continue to be underrepresented in STEM at both employment and education level. Nationally, 24% of the people working in STEM roles in the UK and 26% of graduates in core STEM subjects were female (STEM Women, 2019). The University of Plymouth has a strong focus on encouraging the representation of women within STEM subjects and promoting access to higher education through its commitment to the ATHENA SWAN charter mark. Other initiatives such as the Skills Launchpad Plymouth (which aims to develop employment skills in Plymouth) and Ability not Disability in Devon (a project which aims to encourage businesses to employ people with disabilities) are further examples.

An Equalities Impact Assessment (EIA) has been undertaken for the Freeport. This has explored the potential impacts for people with protected characteristics as well as other disadvantaged groups (e.g. those from deprived areas). In summary, each protected group has been considered within the EIA which indicates that the proposal could potentially impact (either positively or negatively) on people with the following protected characteristics: age, disability, sex. The EIA shows no specific impacts in terms of religion or belief, gender reassignment, race or sexual orientation.

The primary negative impacts, particularly for younger and older people as well as those with disabilities and underlying health conditions, are increased noise and disturbance (through the increase in freight, traffic and construction works) as well as emissions. Evidence shows that these factors can all impact on people's physical and mental wellbeing. Poor air quality and pollution has negative consequences for health and the local environment. In particular, a high quantity of

particulate matter is linked to poorer health outcomes including negatively affecting both mental and physical health. This negative impact is more likely for people with disabilities due to the increased likelihood that some people with disabilities may have an underlying health condition related to their breathing or lungs.

The proposal has been designed to minimise these impacts to the extent that is possible through the choice of location for the developments. Any noise complaints will be monitored for trends. In respect of emissions specifically, the Freeport is committed to act as an exemplar in delivering a net zero emissions target significantly ahead of 2050 and is committed to air quality friendly initiatives where possible. Adverse environmental impacts such as reduced air quality and noise and disturbance identified through the equality impact assessment will be fed into the Freeport environmental impact assessment to ensure that impacts that we have identified which may adversely affect groups with protected characteristics will be appropriately mitigated.

Positive impacts for the afore-mentioned groups include the extensive employment and educational opportunities that will be provided through the Freeport. The Freeport Gateway Policy requires a commitment to our Freeport vision which encompasses a commitment to promote good employment practices.

Our Skills Plan will also proactively enable females and people from minority ethnic backgrounds, including refugees and asylum seekers, to access the Freeport benefits thus impacting positively on these groups. Activities identified within the Skills Plan will support these objectives by encouraging women and people from ethnic minority groups to participate in STEM employment where they are currently under-represented.

Key information within the Freeport will be available in different languages, recognising the diversity of people using and passing through the Freeport. Staff employed by the Freeport and Board members will receive equality and diversity training which will include cultural awareness. Socio-economic impacts have also specifically been considered. Due to the local skills gaps, which are more evident in deprived areas, the EIA has identified a risk that people from deprived areas may not feel the benefits of the Freeport due to a lack of education and opportunity. However, our Skills Plan will help to ensure that people from disadvantaged groups are able to access all opportunities. The Freeport is committed to ensuring that a minimum of 10% of the jobs created by the Freeport are directed towards our most deprived areas.

1i) Environmental Impact

Management of Negative Environmental Impacts - the PASD Freeport will manage environmental impacts and ensure compliance with applicable regulations through the following means:

- The Freeport Manager will be responsible for ensuring an Environmental Impact Assessment is conducted to identify specific environmental risks in relation to air and water quality, the management of waste, the treatment and handling of chemicals, as well as impacts on protected sites and species;
- Utilising the results of the Environmental Impact Assessment, the Freeport Steering Group will consider putting in place an Environmental Management System which will:
 - Identify key environmental impacts and risks
 - Ensure compliance with applicable regulations
 - Set a framework for planning and implementing environmental improvements including:
 - Net Zero Carbon Plans
 - Green Transport Plans
 - Air Quality Management Plans

- Provide a framework for monitoring environmental performance and delivering continuous improvement
- Provide a tool for reporting environmental performance throughout the organisation and with stakeholders;
- The Innovation Manager will also work with industrial and academic partners to develop cleaner systems and processes, aligned with priorities within the Innovation Strategy;
- Developers, through the planning process will be required to meet the requirements as set out in the Plymouth and South West Devon Joint Local Plan in relation to air and water quality, noise and nuisance and impacts on species as well as biodiversity net gain;
- Freeport landowners, tenants and end users will be:
 - Required to meeting planning requirements
 - Required to identify and mitigate environmental impacts and comply with relevant environmental legislation
 - Encouraged to participate in Freeport initiatives to promote environmental improvements and clean growth
 - Required to provide high level environmental monitoring information (e.g. energy, water use etc.) in accordance with wider monitoring and evaluation requirements.

Consideration of Climate Change - strategic planning for climate change resilience is being led by the Devon Climate Emergency^{xxiii} which is developing an adaptation plan for Devon, Cornwall and the Isles of Scilly. Within the Freeport Outer Boundary, the Joint Local Plan requires major developments to provide a climate change resilience section in the Design and Access Statement, to demonstrate that they will be resilient to the main anticipated effects of change climate as well as Flood Risk Assessments and Drainage Strategies.

Developments should also avoid the risk of maladaptation (adaptation that could become more harmful than helpful). For example, designing buildings to maximise solar gain in winter without thinking through the implications for overheating in summer.

During the operational phase of the Freeport, climate change risks and their mitigation will be included within the wider Risk Management Strategy of the Freeport and the Environmental Management System.

The UK Climate Change Risk Assessment identified 56 individual risks and opportunities for the UK as a whole. These risks were used to identify the main climate change risks to the successful delivery of Freeport:

- Risk to infrastructure/business sites from river, surface water/groundwater flooding;
- Risk to infrastructure/business sites from coastal flooding and erosion;
- Risks to sewer flooding due to heavy rainfall;
- Risks to building fabric from moisture, wind, driving rain and extreme heat; and,
- Employee productivity impacts in heatwaves and from severe weather infrastructure disruption.

Section 2: The Economic Case

The Freeport has the potential to create a significant economic stimulus to Plymouth and South Devon through attracting new economic activity into the area, supporting high-value jobs – both directly and indirectly– and driving significant levels of private inward and R&D investment as opportunities arise across the custom and tax sites. The economic case sets out an analysis of the potential options for taking the development forward, concluding with our preferred option.

2a) Critical Success Factors

We have identified six Critical Success Factors (CSFs) that underpin our options appraisal. These are set out in Table Fourteen below and have been informed by a detailed analysis of both quantitative and qualitative factors as set out within our Economic Case. Each of the options is assessed against the CSFs using the following criteria (not weighted).

Green	Fully meets the CSFs
Amber	Meets the CSFs but to a lesser extent
Red	Fails to meet the KSFs

Table Fourteen: Critical Success Factors

Critical Success Factor	Description
Strategic fit with wider policy objectives	Ensuring that it delivers the three Government policy objectives (driving trade and investment, promoting regeneration and job creation and creating a hotbed for innovation) along with the local priorities set out in section 2biii) below
Potential value for Money	Understanding which options have the potential to deliver the greatest economic benefits. Considering the wider/social economic benefits and return on investment
Capacity and capability	Reflecting deliverability and the ability/capacity of local partners to deliver within the timescales
Achievability/risk profile	Considering the risk profile for each of the options
Affordability/cost	Reflecting the Freeport's indicative seed capital allocation of £25m
Alignment with net zero	Assessing how the options contribute to local net zero ambitions

2b) Options Appraisal

2bi) Shortlist of Options - this section considers the potential quantifiable impact of each option. It starts by considering each of the proposed tax sites. Table Fifteen presents the 'do nothing' or counterfactual scenario together with our three seed funding options on a site-by-site basis. The section goes on to isolate both the concessions and expected benefits of each option.

Note: Options A and C include a contribution to Port infrastructure and the Octagon Roundabout which are not shown here as they are not site specific.

Overview of Sites and Impact on the Viability of the Investment

- **Tax Site 1: South Yard:** with direct deep-water access, the South Yard site encompasses mixed land ownership comprising the MOD and Princess Yachts, with Plymouth City Council also having a long lease from the MOD for a proportion of the site. The site is adjacent to the Oceansgate Enterprise Zone and will extend its footprint. Our planned Innovation Centre will provide laboratory and office space and will require the re-location of an existing Naval Heritage Centre building. A Mobility Hub will also be delivered as part of this development. Alongside this, anchor tenant Princess Yachts will develop a new factory and other site occupiers will consider redevelopment of existing buildings on site. As the Innovation Hotbed, South Yard creates the Freeport's USP which improves the scheme's viability. Option C (the exceptional case) for South Yard includes additional seed capital to further unlock opportunities 'behind the wire' of MOD land which would improve the scheme's viability even further;
- **Tax Site 2: Langage:** the Langage site is located on the outskirts of Plymouth in the South Hams, next to the Devon Expressway and has B1/B2/B8 designation. There are three landowners within the site: Carlton Power (covering the Langage Energy Park), PCC and another private sector

owner. Our tax site will occupy a portion of the overall site and will be developed in two phases. Seed capital will be used to bring forward plots in Phase 1 whilst Phase 2 will come forward post 2026. The land at Langage creates the critical mass needed for the scheme's viability. Option A (preferred case) provides the greatest volume of land for both tax and customs site designation with Option B (minimum viable) providing a significantly reduced site. Option C is the same as Option A; and,

- **Tax Site 3: Sherford:** Sherford is an exciting 'new community' of households and employment on the opposite side of the Devon Expressway from Langage, and also has B1/B2/B8 designation. It is overseen by the Sherford Consortium. There is potential for the Sherford site to be developed creating a logistics capability with a coterminous tax and customs site boundary, supporting our key clusters within the city. The capacity for business rates retention and relatively low cost (to the public sector) of bringing the site forward improves the scheme's viability. Sherford is not included in Option B (minimum viable). Option C is the same as Option A.

Table Fifteen: Options Analysis by Tax Site

	Tax Site 1: South Yard		Tax Site 2: Langage		Tax Site 3: Sherford	
	Scope of Work and Key Cost items	The Innovation Centre and Mobility Hub will not proceed. Neither will the Princess Yachts and South Yard building redevelopments. There are no seed capital cost items	Six units (equivalent of 7,127 GIA msq) will be developed by Carlton Power and PCC. These will all take place more slowly (2 years slower) without the Freeport. No new infrastructure works are planned, which means there is a viability gap that will hinder further build out. There are no seed capital cost items	The Sherford Consortium will market the business park but viability gaps will hinder further build out. There are no seed capital cost items		
Do Nothing	Non-Seed Capital Items	N/A	The private sector construction costs equate to 3.8m. The PCC development will cost approx. £8m	N/A		
	Delivery Mechanism	N/A	JLP, public and private sector investment	JLP and private sector investment		
	Delivery Partners	N/A	PCC and Carlton Power	Sherford Consortium		
	Timeline	N/A	The six units will be developed between 22/23 and 2024/25 and will be ready for occupation from 2026/27. The remainder of site is unknown – likely to take much longer	Not possible to predict – dependent on proposals coming through the Consortium		
	Funding Options	N/A	Public and private sector	Private sector		
Option A Preferred Case	Tax Site 1: South Yard		Tax Site 2: Langage		Tax Site 3: Sherford	
	Scope of Work and Key Cost Items	1) land remediation for the development of an Innovation Centre; 2) a Mobility Hub; 3) re-routing of MOD cabling to clear the site; and 4) a contribution to site preparation for the Princess Yachts factory. This will deliver 30,173 sqm GIA	1) spine road and core infrastructure (including a Mobility Hub) to enable access to the site (including the customs site); 2) land assembly; 3) a contribution to a pedestrian and cycle bridge at Deep Lane. This will deliver 87,018 GIA sqm of which 25,000 is allocated for a customs site	1) contribution to an access road; 2) contribution to site preparation. This will deliver 32,981sqm GIA		
	Non-Seed Capital Items	The plans will require an existing heritage centre to be moved and this will be funded through public match. Aside from the seed capital contribution to site preparation for the factory, the main construction costs for the new factory will be met by Princess Yachts	Carlton Power will fund a Green Hydrogen Electrolyser separately. Options to improve linkage from the site to Sandy Road in order to access the A38 are currently being tested and will be funded by the public sector	The private sector will match fund the access road and core infrastructure and be responsible for the construction of the logistics capability as well as offsite costs		
	Delivery Mechanism	Partially within the JLP, public and private investment	JLP, Highways Authorities, Private Sector, new procurements and contracts			
	Delivery Partners	PCC, MOD/DiO, Princess Yachts	PCC, DCC, SHDC, Carlton Power & private landowners at Langage	PCC, DCC, SHDC, the Sherford Consortium, landowners and operators		
	Timeline	Seed capital spent between 2022-2025	Seed capital spent between 2022-2025	Seed capital spent between 2022-2023		
	Funding Options	Seed capital, Local Authority borrowing funded by business rates income, private sector and grant funding applications	Seed capital, Local Authority borrowing funded by business rates income, private sector			

Option B Minimum Viable		Tax Site 1: South Yard	Tax Site 2: Langage	Tax Site 3: Sherford
	Scope of Work and Key Cost Items	Same as Option A above	The minimum scenario is as per do-nothing plus an access road to the first junction and a smaller customs site (total 31,568 GIA sqm of which 10,000 sqm is allocated for a customs site)	Sherford is not included in Option B
	Non-Seed Capital Items	Same as Option A above	Carlton Power will fund a Green Hydrogen Electrolyser separately	Sherford is not included in Option B
	Delivery Mechanism	Same as Option A above	JLP, Highways Authorities, Private Sector, new procurements and contracts	Sherford is not included in Option B
	Delivery Partners	Same as Option A above	PCC, DCC, SHDC, Carlton Power	Sherford is not included in Option B
	Timeline	Same as Option A above	Seed capital spent between 2022-2024	Sherford is not included in Option B
	Funding Mechanism	Same as Option A above	Seed capital, Local Authority borrowing funded by business rates income, private sector	Sherford is not included in Option B
Option C: Exceptional Ask		Tax Site 1: South Yard	Tax Site 2: Langage	Tax Site 3: Sherford
	Scope of Work and Key Cost Items	As Option A but in addition includes service re-provision costs to unlock private sector investment in Oceansgate Phase 3. This will deliver 46,012 sqm GIA	Same as Option A above	Same as Option A above
	Non-Seed Capital Items	As Option A but in addition, private sector development costs will support the development of 3.2, 3.3 and 3.4	Same as Option A above	Same as Option A above
	Delivery Mechanism	Same as Option A above	Same as Option A above	Same as Option A above
	Delivery Partners	Same as Option A above	Same as Option A above	Same as Option A above
	Timeline	Same as Option A above	Same as Option A above	Same as Option A above
	Funding Mechanism	Same as Option A above	Same as Option A above	Same as Option A above

Please Note - no legal relationship or formal business entity is inferred by use of the term 'delivery partner'

The associated benefits of each option vary considerably and our assessment of the tax and business rate benefits, customs benefits and other quantifiable benefits is presented below, along with a brief summary of the methods used to calculate them. This section also covers our additionality assumptions and the potential contribution to the Freeport's wider impacts.

Tax and Business Rate Benefits - Freeport tax sites enable qualifying commercial activity to benefit from tax reliefs for up to 25 years. Tax modelling has been undertaken in partnership with the Freeport Delivery Hub, using their Tax Relief Benefits Tool which is described in in Table Sixteen and results shown in Table Seventeen.

Table Sixteen: Overview of Tax Modelling Approach

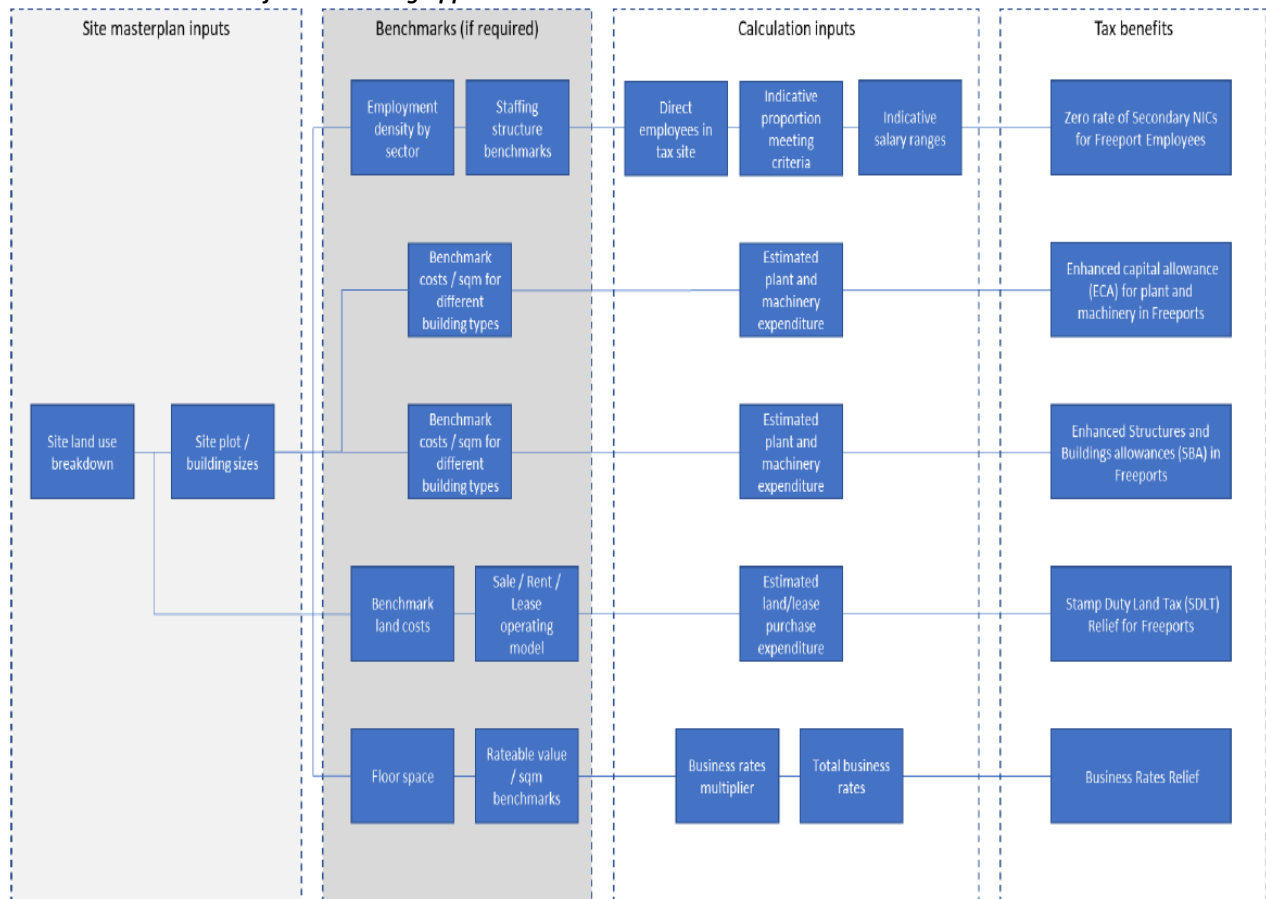


Table Seventeen: Tax Benefits by Option

		Total
Do Nothing	Stamp Duty Land Tax Benefits	£0
	Enhanced Structures and Buildings Allowance Benefits	£0
	Enhanced Capital Allowances Benefits	£0
	Business Rate Relief Benefits	£0
	Employer NICS Relief Benefits	£0
	Total	£0
Option A: Preferred Case	Stamp Duty Land Tax Benefits	£557,273
	Enhanced Structures and Buildings Allowance Benefits	£10,537,596
	Enhanced Capital Allowances Benefits	£4,284,245
	Business Rate Relief Benefits	£11,180,161
	Employer NICS Relief Benefits	£16,246,265
	Total	£42,805,541
Option B: Minimum Viable	Stamp Duty Land Tax Benefits	£275
	Enhanced Structures and Buildings Allowance Benefits	£4,452,500
	Enhanced Capital Allowances Benefits	£3,649,121
	Business Rate Relief Benefits	£4,733,540
	Employer NICS Relief Benefits	£7,346,256
	Total	£20,181,694
Option C: Exceptional Case	Stamp Duty Land Tax Benefits	£557,273
	Enhanced Structures and Buildings Allowance Benefits	£12,863,164
	Enhanced Capital Allowances Benefits	£4,284,245
	Business Rate Relief Benefits	£11,107,838
	Employer NICS Relief Benefits	£17,460,629
	Total	£46,273,149

Customs Benefits - the proposed Sherford customs site is likely to be utilised exclusively for the main tenant. It is hoped that commercial marketing will attract businesses to the Langage site who can benefit from the customs levers and establish this site as a national hub for global trade in high value manufacturing. The customs levers will enable businesses to take advantage of simplified declaration processes to reduce administrative burdens as well as benefit from relief from duties and import taxes. A number of key prospective tenants have already expressed interest in the site with regards to utilising the customs levers to enhance their supply chain competitiveness and efficiencies through the storage of component parts and deferral of duties until the goods are required. Princess Yachts, for example, currently import engines for their luxury motor yachts from Volvo in Sweden and Mann in Germany; and the teak used for their decking is currently imported from the far east. The Langage site could enable them to defer duties on high value, high-cost components and release them in line with their order book aligned with sales.

Other Quantifiable Benefits - Table Eighteen shows the other quantifiable benefits that have been considered in our shortlist of options as follows:

- The additional investment levered covers the public and private match to the seed capital as well as the cost of construction on site to bring the developments forward. The private sector costs have been based on bottom-up information provided by key resident enterprises where available and industry benchmarks have been utilised for the remainder of the buildout;
- The estimated number of additional jobs that could be created through the initiative have been either estimated directly by key resident enterprises or modelled using an employment-density approach. Employment density refers to the average floorspace (in m2) per full-time equivalent (FTE) member of staff. This modelling used recognised Homes & Community Agency employment density benchmark data taking account of the scale of development, building type (class use) and occupancy timeline;
- GVA has been calculated from the job estimates (see above) by multiplying by the average GVA per filled job for Devon and Plymouth;

- Labour supply benefits have been measured by estimating the proportion of jobs that could be taken up by those who are currently unemployed or economically inactive and monetising those benefits. As the PASD labour market is currently tight and there are labour shortages (especially in the marine and engineering sectors) it has been assumed that at least 10% of new jobs created will be filled by people who are either unemployed or inactive. The number of jobs assumed to be taken by unemployed or inactive people has been multiplied by the average GVA/filled job for Devon and Plymouth;
- Skills uplift measures the impact associated with the creation of higher value jobs in the economy and the resulting productivity impacts. This has been measured by estimating the 'wage premium' (i.e. the value of wages over and above the average for the area) for the jobs created and the associated GVA arising from these wages. Occupational demand modelling has been conducted using 2020 data from EMSI Analytics, which used ONS's workforce projections;
- Land value uplift has been assessed by a qualified surveyor to provide an independent view of the current (baseline) and potential (post intervention) market value per site. The uplift was determined from the point of 'switch' to detailed planning consent and adjusted for deadweight;
- Trade throughput was estimated by multiplying each job created by the average value of exports per employee in the South West.

Table Eighteen: Other Quantifiable Benefits

	Benefits after 15 years	Total
Do Nothing	Additional investment leveraged (public) (£m)	0
	Additional investment leveraged (private) (£m)	3.82
	Gross new jobs	154
	Gross GVA (£m)	76.09
	Gross labour supply benefits (£m)	7.61
	Gross skills uplift (£m)	23.68
	Gross Land Value Uplift (£m)	0
	Gross trade throughput (£m)	19.17
Option A: Preferred Case	Additional investment leveraged (public) - (£m)	38.97
	Additional investment leveraged (private) (£m)	243.96
	Gross new jobs	3,584
	Gross GVA (£m)	2,242.32
	Gross labour supply benefits (£m)	224.23
	Gross skills uplift (£m)	678.82
	Gross Land Value Uplift (£m)	16.6
	Gross trade throughput (£m)	441.21
Option B: Minimum Viable	Additional investment leveraged (public) (£m)	22.27
	Additional investment leveraged (private) (£m)	92.3
	Gross new jobs	1,449
	Gross GVA (£m)	927.72
	Gross labour supply benefits (£m)	92.78
	Gross skills uplift (£m)	278.62
	Gross Land Value Uplift (£m)	13
	Gross trade throughput (£m)	193.6
Option C: Exceptional Case	Additional investment leveraged (public) (£m)	38.97
	Additional investment leveraged (private) (£m)	294.04
	Gross new jobs	3,817
	Gross GVA (£m)	2,382.39
	Gross labour supply benefits (£m)	238.23
	Gross skills uplift (£m)	726.19
	Gross Land Value Uplift (£m)	18.7
	Gross trade throughput (£m)	468.77

Additionality Assumptions – Table Nineteen shows the additionality adjustments that have been applied to the job creation and GVA benefits. Although our Gateway Policy aims to avoid displacement, we have nevertheless used a conservative approach in the modelling to reflect evidence from elsewhere.

Table Nineteen: Additionality Assumptions for Job Creation and GVA Benefits

Factor	Additionality Adjustment	Notes (Jobs and GVA)
Deadweight	Case by case	All existing jobs have been excluded from the calculation of gross jobs. Any further deadweight considerations reflect the specific circumstances at each site
Displacement	0.35	Research by the Centre for Cities ^{xxiv} , shows that approximately 35% of all new jobs created in UK Enterprise Zones designated in 2011 were in businesses that had moved from elsewhere in the UK. Therefore, an adjustment of 35% has been made to all sites and all scenarios
Substitution	25% for South Yard only	The Gateway Policy and landowner agreements are expected to mitigate against the relocation of existing businesses (and therefore existing employment) at the tax sites and therefore all employment should be net additional and substitution will be zero. However, at South Yard, where there is some existing employment, there may be a small risk of substitution effects if employers substitute existing employees for new ones to take advantage of the NIC benefits within their existing operations. Nevertheless, this is expected to be low. Therefore, any substitution effects are likely to be low. On this basis, we have used the HCA ^{xxv} Ready Reckoner for low substitution of 25% for South Yard only
Leakage	0	As the tax benefits will only be eligible to businesses located on the tax sites, leakage is assumed to be zero for all sites
Indirect Multiplier	1.5	The Freeport is expected to drive further employment in the Plymouth and South Devon (PASD) economy along local supply chains and through employee spending which will have a longer-term indirect benefit. We have used the HCA Ready Reckoner composite regional multiplier of 1.5, for interventions with a 'medium' level of multiplier effects

Expected Contribution to Travel to Work area and Geography of Impact - we can confirm that all of the private sector investment identified will be invested in locations within the Plymouth TTWA. As the Freeport investment will be in defined locations, all of the direct additional jobs created will be located within the Plymouth TTWA for all options.

However, our modelling also includes multiplier effects related to the knock-on impacts within the local economy in terms of:

- **Supply linkages** – due to purchases made as a result of the intervention and further purchases associated with linked firms along the supply chain; and,
- **Income multipliers** – associated with local expenditure as a result of those who derive incomes from the direct and supply chain impacts of the intervention.

As detailed in table Twenty, our modelling used a composite multiplier of 1.5, which assumed a medium level of multiplier effects across a region. Therefore, it is fair to assume that these indirect jobs will be located across the region. Table Twenty shows the net additional jobs created (which are located within the Freeport) as well as the indirect jobs created which are likely to be located across the wider region.

Table Twenty: Geographical Distribution of Net Additional Jobs by Option

	Net additional jobs created	Indirect job creation
Do nothing	100	50
Option A	2,093	1,046
Option B	705	353
Option C	2,206	1,201
Geography	Jobs created within Freeport	Jobs created across the region

As trade throughput has been estimated using average exporting values per job, the volume of additional trade throughput can also be disaggregated on the same basis and is shown in Table Twenty-one.

Table Twenty-one: Geographical Distribution of Net Additional Trade Throughput by Option

	Net Additional Trade Throughput (cumulative over 15 years)	Indirect Trade Throughput (cumulative over 15 years)
Do nothing	£11.6m	£7.1m
Option A	£259.9m	£101.4m
Option B	£92.7m	£56.0m
Option C	£273.3m	£106.6m
Geography	Within Freeport	Wider region

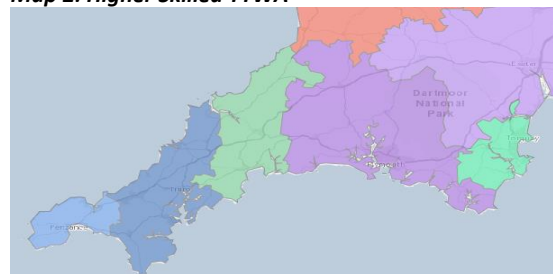
However, it is also important to bear in mind that although the location of the direct employment will be in the Freeport, the people employed are likely to live across the whole TTWA and beyond. Plymouth's Travel to work area, currently extends westward into Cornwall, north into West Devon and East into the South Hams and is illustrated in the first map below. However, research by ONS shows that TTWAs vary significantly for different sub-groups of the population, as people with higher qualification levels are prepared to travel further to work. Given that the Freeport will create high skilled high paid jobs, it is reasonable to assume that it will draw people from the higher skilled TTWA area, which is shown in the second map below.

These TTWAs illustrate that the higher paid jobs created in the Freeport will provide opportunities not just for the residents of Plymouth but also for residents of East Cornwall and South West Devon. As these areas suffer from a low wage economy, the Freeport will provide a positive economic benefit to these areas.

Map 1: Plymouth TTWA



Map 2: Higher Skilled TTWA



Source: ONS, Travel to Work Areas in Great Britain, 2016

Expected Contribution to Wider Impacts (Net Zero and Innovation) - each of the four scenarios will make a different contribution to our net zero ambitions. Whilst the embedded and operational carbon impacts are likely to be proportional to the scale of development (i.e. negligible for the do nothing scenario and highest for the exceptional case), the capital investments proposed under each scenario offer a number of opportunities to support our net zero ambitions. Under our preferred scenario:

- The private sector will fund a Green Hydrogen Electrolyser which will provide an opportunity to reduce HGV emissions;
- Seed capital will be used to:
 - Support a pedestrian and cycle bridge between Langage and Sherford which will contribute to reducing commuting emissions;
 - Improve port infrastructure which will allow a modal shift of freight from road to sea;

- Provide a mobility hub at Langage (as part of core infrastructure) and South Yard which will contribute to reducing transport emissions; and,
- Develop an Innovation Centre at South Yard providing opportunities for the development of clean ocean technologies.

The exceptional case also offers the above, with additional investment by the private sector in innovation facilities at South Yard which will further enhance opportunities to develop clean ocean technologies. However, under the Option B, whilst the private sector will continue to fund the Green Hydrogen Electrolyser, seed capital will only be used to support the Innovation Centre and Mobility Hub at South Yard. Under the do-nothing scenario, none of these opportunities would be developed.

In addition, the South Yard site provides our Innovation Hotbed and will deliver an Innovation Centre along with an enhanced business engagement service. As described in Section 2biii) below, without the Freeport (i.e. in the 'do-nothing' scenario) partners would continue to apply for external innovation support funding but would not have the opportunity to deliver the transformational service that the Freeport enables. The Innovation Centre and engagement service are core to all options but Option C (the exceptional case) also unlocks additional space and facilities at the South Yard site for testing and trialling, including for new clean growth solutions. This option therefore delivers the greatest innovation benefits.

2bii) Value for Money Appraisal

Table Twenty-two presents the Value-for-Money (VfM) assessment, setting out the estimated economic benefits that could be delivered for each option against the estimated costs for each option. The calculated benefits include jobs, Land Value Uplift, labour supply benefits and skills uplift. Where relevant, the benefits have been adjusted for deadweight, displacement, leakage and substitution with multipliers added to reflect further economic activity associated with additional local income and local supplier purchases.

Economic benefits have been modelled over a 15-year period and discounted at a rate of 3.5% per annum. Whilst the Green Book advocates an appraisal period of 60 years for infrastructure-related projects, many of the modelled benefits relate to the labour market, where the Green Book advises a more cautious approach. As the employment related benefits build up over the first few years of the development, we have modelled benefits over 15 years from the anticipated start of employment at each site.

Costs include the Freeport investment, as well as the wider public and private investment that is required to bring forward the developments. The table shows both unadjusted costs (as per the financial case) and adjusted costs which, as per Green Book guidance, are modelled in constant prices, discounted and adjusted for optimism bias. Where relevant 'do-nothing costs' are subtracted from the adjusted costs. Revenue costs are excluded as they are covered by income streams.

Table Twenty-two: Value for Money Assessment

Total Net Additional Benefits		Do Nothing	Option A (max £25m seed capital)	Option B (minimum viable)	Option C (exceptional funding ask)	Preferred Option (NPV, 2022/23 prices)
BENEFITS						
Jobs	A	150	3,139	1,058	3,309	3,139
GVA (£m)	B	£45.051	£1,114.415	£393.751	£1,172.337	£1,114.415
Land Value Uplift (LVU) – Direct (£m)	C	£0.000	£12.759	£3.999	£14.740	£12.759
Land Value Uplift – Adjacent (£m)	D	£0.000	£2.141	£7.548	£2.141	£2.141
Labour Supply Benefits (£m)	E	£4.505	£111.441	£39.375	£117.234	£111.441
Skills Uplift (£m)	F	£14.018	£336.427	£116.995	£356.017	£336.427
Total benefits (C-G)	H	£18.523	£462.768	£167.917	£490.131	£462.768
COSTS (unadjusted)						
Freeport Policy Funding (capital seed funding) (£m)	I	£0.000	£25.000	£10.470	£34.752	£25.000
Co-funding local authority cost (inc. borrowing) (£m)	J	£0.000	£39.076	£22.375	£39.076	£39.076
Total cost (Freeport Seed Funding + Co-Funding (£m)	K	£0.000	£64.076	£32.845	£73.828	£64.076
Private sector cost (£m)	L	£3.818	£249.670	£92.299	£299.754	£249.670
COSTS (adjusted to exclude inflation, include optimism bias and discounting)						
Freeport Policy Funding (capital seed funding) (£m)	M	£0.000	£31.471	£13.606	£43.570	£31.471
Co-funding local authority cost (inc. borrowing) (£m)	N	£0.000	£46.518	£27.344	£46.518	£46.518
Total cost (Freeport Seed Funding + Co-Funding (£m)	O	£0.000	£77.989	£40.950	£90.089	£77.989
Private sector cost (£m)	P	£4.311	£262.679	£97.396	£283.800	£262.679
Benefit: Cost Ratio for BCR	(H-P)/O	n/a	2.57	1.72	2.29	2.57

The economic modelling estimates that the preferred case will generate 3,584 gross jobs. After adjusting for additionality and indirect impacts, the net additional new jobs equate to 3,139. The total benefits over a 15-year timeframe equate to £462.768 and include Land Value, labour supply benefits and skills uplift benefits. After subtraction of private sector costs of £262.679, the BCR for the preferred case is 2.57. However, the economic benefits do not include benefits arising from any jobs safeguarded as these have not been modelled as they are out of scope for these calculations. If they were to be included, the benefits could be considerably higher.

A sensitivity analysis has also been conducted on the preferred scenario. This analysis shows that the BCR has the potential to be higher than expected (2.71) if our key resident enterprises are able to maximise the development opportunity at South Yard by securing the investment or contracts (respectively) to increase the scope of activities there. Equally, if our conservative assumptions relating to optimism bias are reduced to the low end of the optimism bias spectrum, the BCR would also be higher at 4.26.

Conversely, if the number of jobs created is reduced by 25%, the BCR drops to 1.13 and if reduced further by 50%, the BCR becomes negative as private sector costs exceed the benefits. However, in these circumstances, we would also expect to see a reduction in private sector investment (as developers would probably build less units) which has not been modelled.

Higher levels of displacement and substitution would also lead to a reduction in the BCR (to 1.09) and if the Princess Yachts development did not proceed at all, the BCR would drop to 2.25. Similarly, if the Phase 1b land at Langage that needs to be purchased is excluded from the analysis, the BCR would

drop to 2.12. If circumstances changed and Sherford was brought forward two years later the BCR would decrease to 1.66. The scale of the decrease here reflects changes in terms of both cost and benefit assumptions. However, if benefits from the Oceansgate development and Princess Yachts developments were to be delayed by a year, the BCR would decrease by a relatively small amount (2.56 and 2.12 respectively).

2biii) Qualitative Benefits Appraisal

As highlighted in Section 1a) the Freeport programme offers a unique opportunity to address a range of local challenges by bridging the viability gap to unlock land and change investor behaviours in ways that will achieve transformational growth and deliver our regeneration objectives. Within this context, local partners have identified a range of success factor that are important to Plymouth and South Devon. Some of these are not easily quantifiable and therefore need to be assessed on a qualitative basis. Table Twenty-three identifies these factors, illustrating what we want to achieve and how this will be delivered through the Freeport opportunity. The benefits, descriptions and their relative weighting were discussed and agreed at a local partner workshop held during the drafting process and have since been tested with other stakeholders.

Table Twenty-three: Qualitative Benefits

Key Qualitative Benefits	Description	How Achieved
Unlocking and optimising land	Addressing the critical shortage of land in the JLP area in the most advantageous way	By bringing forward both larger scale and waterside sites that have not historically been developed due to the viability gap
Strengthening our high value sector specialisms and clusters	Focusing on high value manufacturing and engineering (especially in marine, defence and space and sub sectors) where the UK can have strong global market share	By developing attractive packages of incentives and support for our key sectors and supply chains to alter investor behaviours, facilitating further clustering and growth
Delivering inclusive growth	Providing opportunities across the Freeport that are accessible to all, supporting the levelling up agenda	By creating quality jobs at all levels with clear progression pathways including for those living within deprived communities/long term unemployed
Delivering clean growth	Proactively contributing to the decarbonisation agenda	By facilitating research and innovation in key sectors and technologies (e.g. autonomy), including short sea shipping. Also delivering green jobs and carbon savings
Driving research and innovation	Accelerating the regional innovation ecosystem	By leveraging our current position and creating a critical mass of R&D assets to put the South West on the map as a science superpower, including support for the Spaceport in neighbouring Cornwall
Strengthening trade and investment	Increasing the volume and value of trade investment in, and exports from, the regional economy	By delivering bespoke T&I activity to attract new investment and ensure that businesses are well positioned to maximise export opportunities. Also leveraging/strengthening our Ports

Each of the Key Qualitative Benefits has been scored and weighted to reflect local partner views on their relative importance. In effect, the approach undertaken here is a form of Multi-Criteria Analysis. The scoring is based on a 1-5 score being given for each option against the defined key qualitative benefits – broadly matching the RAG rating used earlier. The weighting is set out in Table Twenty-four below. Based on the Multi-Criteria Analysis described above, Table Twenty-five presents our considered assessment of the qualitative benefits for each option.

Table Twenty-four: Qualitative Benefit Weighting

Key Qualitative Benefits	Weighting
Unlocking and optimising land	0.7
Strengthening our High Value sector specialisms and clusters	1
Delivering inclusive growth	0.8
Delivering clean growth	0.6
Driving research and innovation	0.7
Strengthening trade and investment	0.5

Table Twenty-five: Options Analysis of Qualitative Benefits

	Key Qualitative Benefits			
	Do Nothing	Option A	Option B	Option C
Unlocking and optimising land	Historical viability gap means that land is unlikely to come forward without intervention 1 x 0.7 = 0.7	Allows for a significant area of land to be unlocked for development 4 x 0.7 = 2.8	Allows for a smaller area of land to be unlocked for development 3 x 0.7 = 2.1	As per Option A. Plus - potential for even greater land optimisation (at South Yard site) 5 x 0.7 = 3.5
Strengthening our high value sector specialisms and clusters	There will be incremental growth of clusters but it will not address shortfalls in value proposition 2 x 1 = 2	Allows for significant capacity expansion to allow growth of target sectors 4 x 1 = 4	Allows for a smaller capacity expansion to allow growth of target sectors 3 x 1 = 3	As per Option A. Plus – even greater potential for economic specialisation (through South Yard) 5 x 1 = 5
Delivering inclusive growth	Partners will continue to implement inclusive growth strategies but will miss the opportunity for transformational change 2 x 0.8 = 1.6	Allows for significant job creation and skills uplift at all levels, supported by our Skills Plan 4 x 0.8 = 3.2	Allows for some job creation and skills uplift at all levels, supported by our Skills Plan 3 x 0.8 = 2.4	As per Option A. Plus – enables wider regeneration of a site close to areas of deprivation (through South Yard) 5 x 0.8 = 4
Delivering clean growth	Partners will continue to implement clean growth strategies but will miss the opportunity to accelerate and pioneer new solutions 2 x 0.6 = 1.2	Facilitates significant space and an Innovation Centre for attracting clean growth/net zero tech and supply chains. Also includes, a Green Hydrogen Electrolyser, port enhancements, pedestrian and cycle bridge and mobility hubs to reduce transport emissions 4 x 0.6 = 2.4	Facilitates some space and an Innovation Centre for attracting clean growth/net zero tech and supply chains as well as a Green Hydrogen Electrolyser. Also includes mobility hub at South Yard 3 x 0.6 = 1.8	As per Option A. Plus - unlocks additional space and facilities at South Yard for trialling new clean growth solutions 5 x 0.6 = 3
Driving research & innovation	Partners will continue to apply for innovation support funding but will miss the opportunity to deliver a transformational service. They will also miss out on support from the FREN for deregulation 2 x 0.7 = 1.4	Allows for Innovation Centre development and enhanced business engagement service 4 x 0.7 = 2.8	Allows for Innovation Centre development and enhanced business engagement service 4 x 0.7 = 2.8	As per Option A. Plus - unlocks additional space and facilities at South Yard for testing and trialling, including for new clean growth solutions 5 x 0.7 = 3.5
Strengthening trade & investment	Partners will continue to attract investment and maximise HPOs but would not have the Freeport value proposition to promote 2 x 0.5 = 1	Allows for enhanced local capacity and DIT support with the potential for significant investment through larger sites and associated benefits. This Option also includes Port enhancements which will help to increase the value and volume of tonnage 4 x 0.5 = 2	Allows for enhanced local capacity and DIT support with the potential for some investment through smaller sites and associated benefits 2 x 0.5 = 1	As per Option A. Plus - unlocks additional space and facilities at South Yard which enhances the Trade and Investment offer 5 x 0.5 = 2.5
Total Score	7.9	17.2	13.1	21.5

2biv) Wider Impacts

With the exception of the 'do nothing' case, each of our options has been designed to deliver a range of wider benefits that will maximise the impact of the Freeport to the extent that is possible within the funding allocation. Ultimately, the more land that can be developed at pace, the greater the impacts for the economy and society. The **impact of the tax breaks available** on the sites is the principal mechanism for delivering outputs and outcomes with **increased pre-and post-tax returns** in supply chains and in the local economy generally resulting from higher demand. The productivity impacts of agglomeration then drive up GVA per worker directly and further improve returns on investment (not modelled). Section 2biii) shows that the volume of jobs and GVA are higher in Option A and, as the skills uplift and opportunities for unemployed people also increase in line with these, they will deliver the **greatest economic and social impacts**. This option also promotes the greatest levels of **agglomeration and clustering**, due to the larger site capacity, with the unlocking of South Yard in particular supporting **economic specialisation**. Further, as evidence shows that innovation is closely linked to higher levels of productivity, the South Yard site will deliver even more benefits due to unlocking more capacity and facilities as our Innovation Hotbed.

The portfolio of investments offered under Options A and C have the greatest potential to reduce transport related carbon emissions and contribute to our **net zero objectives**.

We have developed an **Equalities Impact Assessment** for the Freeport which aims to mitigate potentially negative impacts across all sites (see Section 1g). Positive impacts include employment and educational opportunities which will be maximised through the Skills Plan, proactively enabling people from certain groups to benefit from the opportunities. Option A provides the greatest level of opportunities and therefore the most positive impacts.

Our Gateway Policy also aims to address **displacement** across the sites, with no variation between options. However, in accounting for all additionality adjustments, Option A offers the greatest additionality.

We have also carefully considered the likely impacts on the **local labour market** and around **displacement of personnel** for the different Options. As set out in the strategic case, it is anticipated that the local market will be able to accommodate the many of skills that will be sought. However, there is a need for targeted activity around increasing the supply of higher skilled marine and other engineering and technical occupations. This is an existing ambition and need within the area and the Freeport will actually assist in refining and accelerating activity to train increased numbers of those required to meet the needs of the growing marine and green sectors over the next decade. In the event of an accelerated delivery, it is still anticipated that the need will be met, albeit with additional focus required from employers and training providers to accelerate relevant training pathways.

Finally, the more land that can be developed, the greater the scope for **promoting the delivery of goods and services** traded with other regions than those that are principally sold locally (export/import substitution). Of particular relevance, the inclusion of the Sherford site (Options A and C only) could enable the potential **logistics capability to be developed as a customs site**. Option A at Langleigh also has a larger customs site than Option B. This will not only be beneficial to PASD but also to the Spaceport in Cornwall, thus delivering broader impacts across the region.

2bv) Risk Appraisal

Our risk appraisal for the different Options is set out in Table Twenty-six, drawing on a selection of the key economic risks (see section 5f for an overview of the risk methodology).

Table Twenty-six: Economic Risks

Risk	Risk Assessment							
	Do Nothing		Option A (max. £25m seed capital)		Option B (minimum viable)		Option C (exceptional funding ask)	
	Likelihood	Severity	Likelihood	Severity	Likelihood	Severity	Likelihood	Severity
Delays in submitting planning consents	N/A	N/A	2	3	2	3	4	3
Failure to meet the development timetable	N/A	N/A	3	3	2	2	3	3
Failure to secure adequate market interest in sites	N/A	N/A	3	4	2	4	3	4
Inability to maximise Freeport levers leading to sub-optimal benefits	5	5	3	3	4	4	3	3
Increasing abnormal costs for South Yard (exceptional case)	N/A	N/A	N/A	N/A	N/A	N/A	4	5
Land acquisition at Langage 1b presents a risk if timescales extend and at worst could lead to CPO	N/A	N/A	3	5	N/A	N/A	3	5
Princess Yachts factory does not proceed	N/A	N/A	3	4	3	4	3	4
The logistics capability does not proceed	N/A	N/A	2	4	N/A	N/A	2	4
Freeport attracts businesses that lead to displacement	N/A	N/A	3	3	2	2	4	4
Seaports unable to handle increased types of cargo	N/A	N/A	2	2	N/A	N/A	2	2
Totals	5	5	24	31	15	19	31	37

2c) Preferred Option

Using the preceding analysis, each of the shortlisted options has been considered against the Critical Success Factors defined in 2a) leading us to select our preferred option – Option A (maximum £25m seed capital) - as highlighted in Table Twenty-seven below.

Table Twenty-seven: Assessment against Critical Success Factors

	Critical Success Factors			
	Do Nothing	Option A (max. £25m seed capital) PREFERRED	Option B (minimum viable)	Option C (exceptional funding ask)
Strategic fit with wider policy objectives	Very limited fit with national or locally defined objectives	Will make a significant contribution to national objectives and scores 17.2 on the locally defined qualitative benefits analysis	Will make a less significant contribution to national objectives and scores 13.1 on the locally defined qualitative benefits analysis	Has the potential to make the greatest contribution to national objectives and scores 21.5 on the locally defined qualitative benefits analysis
Potential VfM	N/A	BCR: 2.57	BCR: 1.72	BCR: 2.29
Capacity and capability	N/A	Capacity and capability in place to deliver	Capacity and capability in place to deliver	MOD may slow the pace of development
Achievability/risk profile	Least risky but will not deliver government objectives	Presents moderate risks but with significant benefits	Presents fewer risks but with fewer benefits	Presents the highest risks but potentially most significant benefits
Affordability/cost	N/A	Affordable option from seed capital/ match/ retained rates	Affordable option from seed capital/ match/ retained rates	Dependent on securing additional funding
Alignment with net zero agenda	Neutral – but missed opportunity to accelerate and pioneer new solutions	Facilitates significant space for attracting clean growth/net zero tech and supply chains	Facilitates less space for attracting clean growth/net zero tech and supply chains	Facilitates the most space for attracting clean growth/net zero tech and supply chains and also unlocks the most space and facilities for trialling new clean growth solutions

Section 3: The Financial Case

3a) Financial Resources and Budgets

This section of the FBC sets out how the proposed investments and business model for the Plymouth and South Devon Freeport, as outlined in the Strategic and Management Cases, are affordable. All aspects of delivery have been accounted for over the whole lifetime of the Freeport. Details of all capital and operating costs over the 25-year lifetime of the Freeport, and how they will be met, are provided within this section.

Income from retained business rates growth of £71.9m, along with £14.9m of rental income from the Oceansgate Enterprise Zone, will provide total income of £86.8m over the 25-year lifetime of the Freeport. This income will be used to fund debt charges associated with public match borrowing; lifecycle costs covering all capital projects (excluding those to be met by private funding); and, Freeport operating costs. After meeting these costs, the Freeport will have residual income of £32.3m, which clearly demonstrates its affordability.

Capital Expenditure - capital expenditure under the preferred scenario totals £313.7m, the vast majority of which will be incurred within the first five years of the Freeport's life (2022/23 to 2026/27). Table Twenty-eight presents a year-by-year financial profile of capital expenditure.

Table Twenty-eight: Capital Expenditure

Expenditure Description	22/23	23/24	24/25	25/26	26/27 onwards	Total
	£'000	£'000	£'000	£'000	£'000	£'000
South Yard						
Seed capital	3,306	4,850	0	0	0	8,156
Private match	1,748	17,160	8,729	0	0	27,637
Public match	1,691	17,586	785	0	0	20,062
South Yard Total	6,745	39,596	9,514	0	0	55,855
Langage						
Seed capital	4,577	5,939	3,728	0	0	14,244
Private match	376	38,747	45,309	19,710	42,253	146,397
Public match	440	4,185	7,669	1,620	5,000	18,914
Langage Total	5,393	48,871	56,707	21,330	47,253	179,555
Sherford						
Seed capital	1,200	0	0	0	0	1,200
Private match	12,921	31,615	22,452	2,929	0	69,916
Public match	0	0	0	0	0	0
Sherford Total	14,121	31,615	22,452	2,929	0	71,116
Port and Octagon Roundabout						
Seed capital	100	1,300	0	0	0	1,400
Private match	0	5,720	0	0	0	5,720
Public match	100	0	0	0	0	100
Port and Octagon Roundabout Total	200	7,020	0	0	0	7,220
Grand Totals						
Total seed capital	9,183	12,089	3,728	0	0	25,000
Total match capital funding - private	15,046	93,242	76,490	22,639	42,253	249,670
Total match capital funding - public	2,231	21,771	8,454	1,620	5,000	39,076
Total capital costs	26,459	127,102	88,672	24,259	47,253	313,746

The privately-funded construction costs at Langage include £22.3m that will be incurred beyond 2026/27. The timeframe for delivery here is already ambitious and it will not be possible to accelerate further. Capital investment on all other projects will be incurred within the first five years of the Freeport's life (2022/23 to 2026/27).

Security Costs - private sector costs associated with building security fencing at the Langage and Sherford sites, which have been estimated as part of the master-planning work, are included in Table Thirty-seven above. On-going revenue security costs, which are not identified in the financial model, will be met by the private sector operator of each customs site.

Seed Capital Requirements - total capital expenditure on projects where seed capital will be utilised is £90.4m. Total capital expenditure on projects funded solely by public match is £5.25m (Sandy Road Link at Langage and the Heritage Centre at South Yard), and total capital expenditure on projects funded solely by private match is £218.1m. The seed capital will enable:

- The Innovation Centre and Mobility Hub to be delivered at South Yard, including re-routing of MOD cabling (all match funded by IA1 and a Levelling Up grant). The Innovation Centre is the focal point for our Innovation Hotbed and the Mobility Hub is an integral part of the necessary infrastructure for the tax site as a whole, due to the restricted space available and the lack of any alternative parking within the surrounding area. This work will also require an existing Heritage Centre to be moved, funded entirely though IA1. In addition, a small amount of seed funding will enable site remediation for the new Princess Yachts factory with the factory itself being funded by private match. The development at South Yard will be funded by private match and will not require seed capital funding;
- The delivery of the spine road for the Langage tax site, opening up Phase 1a and Phase 1b of the greenfield site, with core infrastructure provided alongside including some drainage and utilities works as well as a Mobility Hub (all match funded from IA2). Public sector investment is required to deliver this infrastructure at sufficient pace for commercial development to occur in time for occupants to qualify for the Freeport tax incentives. Seed funding will also support land assembly (plot purchase in order to overcome issues with sites in multiple ownership) and a pedestrian and cycle bridge to link the Freeport sites at Sherford and Langage. This will allow workers resident either side of the A38 to access employment at both sites without recourse to motorised transport (again, all match funded by IA2). Note: improved linkage from the Langage site to the A38 via Sandy Road has been included for 2026/27 but is not part of the request for seed funding as it is being funded by the public sector. Outside of the seed funding, the Green Hydrogen Electrolyser will be funded entirely by Carlton Power and the construction costs at Langage will be funded by Carlton Power/tenants;
- A fixed contribution to the access road and core infrastructure at the Sherford tax site (match funded privately by the Sherford Consortium). The construction costs at Sherford are intended to be funded by the site developer;
- A fixed contribution to improvements to the Ports infrastructure at Millbay to increase load handling capabilities. The balance will be funded by ABP as the Port Operator; and,
- Improvements to the Octagon roundabout near the Port on the main route into the South Yard tax site, in order to allow long loads to traverse the turn safely (match funded by IA1).

As set out in Section 1di1, public funds are needed for each seed capital project. They would not come forward without public funding because:

- In the case of the Innovation Centre at South Yard, which is a fundamental part of the Freeport proposition, there is a requirement ahead of need. The private sector will not invest without certainty over returns and the Freeport public partners do not have the available funding to support this development and fill the funding gap. Investment in the Mobility Hub and re-routing of MOD cabling are both supporting requirements for the Innovation Centre to be brought forward;
- The seed funding for Princess Yachts will complement this development at South Yard and enable new factory facilities to be brought forward which will create 450 jobs by closing a viability gap where the private sector return would not be sufficient;

- At Langage the site would not be operable without plot access or core infrastructure and it is necessary to undertake land assembly to bring the land in to an efficient ownership structure. These activities could not be commercially funded at pace, as earning a commercial rent or lease price that recovers the costs would not be competitive, and therefore development would come forward much more slowly;
- The associated cycle and pedestrian bridge will provide access across the A38 for residents in Sherford and Plympton, allowing pedestrian and cycle access to the tax sites from both communities. This would not be commercially funded, as the main benefits are via positive externalities;
- Likewise, the Sherford site would not be operable without plot access or core infrastructure. These investments will be largely funded by the private sector but a seed funding contribution will close the viability gap so that these enabling works can be brought forward in time for the tax site to be operational;
- Investment at the Port is required ahead of demand to enable businesses to have the connectivity they require to invest in the PASD Freeport; and,
- Improvements have, for many years, been needed to the Octagon roundabout to enable access for larger articulated HGVs. These improvements would not be possible without public sector intervention through the seed funding as the benefits are public goods.

Underlying Assumptions – we can confirm that seed capital projects are being developed in accordance with industry best practice, however, they are at varying stages of maturity at the present time, typically between Stages 2 and 3 in relation to the Infrastructure and Project Authority (IPA) Gate Review Process. As the Accountable Body, Plymouth City Council will ensure that the projects will be progressed in accordance with best practice standards. As described in the Commercial Case, a key part of this process will be the requirement for all investments to be underpinned by a robust business case (including value for money assessments) that will be agreed by the Member Steering Group and ultimately approved by the Freeport Board. The Board will use the IPA Gate Review Process to inform their assessment, providing a clear and recognised framework for examining each project at key decision points in their lifecycle to provide assurance that they can progress successfully to the next stage.

Managing Cost and Ensuring Value for Money – as highlighted above, the investments identified through this FBC are at different stages of maturity but they will be subject to robust scrutiny by the Freeport Board before they can proceed using the IPA Gate Review process as a framework. This will provide the basis for effectively managing time, costs, benefits and quality. We can also confirm that any cost overruns will be borne by the delivery partner that is responsible for the investment (e.g. PCC will be responsible for the Innovation Centre, DCC for the cycle and pedestrian link etc). The Local Authority partners would agree a process to increase borrowing/use of retained business rates if it was not possible to rescope the project.

Value for Money will be assured in a number of ways, including through the development of detailed business cases (as described above and in the commercial case) and procurement process. Although no works have been procured to date, as shown in Section 4d, our procurement strategy has a strong focus on delivering Value for Money and includes the use of regional and national frameworks which allow buyers to gain better commercial deals through bulk deals to the market as if they were supplying a single customer. Social value has also been recognised as part of that process. Further, the considerable amount of the Freeport investment being provided directly by the private sector, provides excellent value to the public purse.

We can also confirm that relevant third parties have been engaged in the project which provides confidence in the deliverability of the investments. This includes key statutory consultees: Plymouth City Council is both Local Planning Authority and Highway Authority of the South Yard site. National

Highways have been engaged in monthly discussions regarding the Freeport and evidence has been prepared regarding potential impacts on the strategic road network, following their requirements. For the cycle and pedestrian link, a public consultation has been carried out regarding potential options for the scheme. At Langage the spine road extension and plot access investment has been discussed with the landowner. Similarly, at Sherford, the access road and core infrastructure requirements have been discussed with the developer who will implement the schemes. Other relevant statutory consultees will be engaged as sites are brought forward.

Operating Costs - the Freeport's operating costs will be funded from DLUHC revenue support grant and landowner contributions for the first two years of operation (2022/23 and 2023/24). From 2024/25 onwards the Freeport's operating costs will be fully self-funded, without grant funding from DLUHC. Table Twenty-nine details the Freeport's operating costs for the first five years of operation and how they will be funded. Please note that the table does not include the in-kind resources that will be drawn upon, for example, the existing Trade & Investment teams sitting within the Local Authorities who will be supporting Freeport delivery as part of their core roles.

Table Twenty-nine: Operating Costs for First Five Years

Description	22/23	23/24	24/25	25/26	26/27
	£	£	£	£	£
Income					
DLUHC Revenue support grant	467,460	45,040	0	0	0
Landowner contributions	200,000	408,000	416,000	424,400	432,800
Income Total	667,460	453,040	416,000	424,400	432,800
Expenditure					
Core staffing costs	269,584	329,970	414,440	422,809	431,177
PCC internal loan repayment	0	92,470	1,560	1,591	1,623
Other non-repeating revenue costs					
Planning support	60,000	0	0	0	0
Programme Management	52,877	0	0	0	0
Other staff costs (Q1 22/23)	100,000	0	0	0	0
Consultancy costs (Q1 22/23)	125,000	0	0	0	0
Additional Marketing budget	60,000	30,600	0	0	0
Expenditure Total	667,460	453,040	416,000	424,400	432,800
Net Operating Costs	0	0	0	0	0

Retained Business Rates – whilst income from retained business rates growth is forecast to total £71.9m over the 25-year lifetime of the Freeport, occupancy profiling is prudently low in the first two years of the Freeport's life. This means that income from retained business rates does not ramp up significantly until year three (2024/25). Likewise, debt charges associated with the £29.1m of public match borrowing against future income from retained business rates through TIF follow a similar pattern. By year four (2025/26) occupancy levels are forecast to increase markedly resulting in income from retained business rates being significantly in excess of Freeport expenditure for the remainder of the Freeport's 25 year life, which is demonstrated in Table Thirty below.

The primary use of income from retained business rates growth over the 25-year retention period will be to fund debt charges associated with public match borrowing; it will also be used to fund operating costs from years 6 to 25 (2027/28 to 2046/47) and lifecycle costs associated with the on-going maintenance and repair requirements for all capital projects across all three sites (excluding on-going maintenance and repair requirements to be met by private funding).

Table Thirty models the income from retained business rates growth, as well as net rental income from buildings at the South Yard site, on a year-by-year basis for the first five years of the 25-year retention period (2022/23 to 2026/27). Thereafter, figures are provided in 5-year blocks (years 6-10,

years 11-15 etc). Expenditure to be covered by this income (i.e. debt charges, lifecycle costs and net operating costs) is also modelled over the same periods.

Table Thirty: Freeport Income and Expenditure over 25 years

Description	22/23	23/24	24/25	25/26	26/27	Yrs 6-10 27/28 - 31/32	Yrs 11-15 32/33 - 36/37	Yrs 16-20 37/38 - 41/42	Yrs 21-25 42/43 - 46/47	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income										
NNDR Retention	0	7	712	1,793	2,186	14,219	15,945	17,601	19,440	71,903
Other Income at S Yard	94	139	163	198	356	2,954	3,609	3,763	3,642	14,918
Income Total	94	146	875	1,991	2,542	17,173	19,554	21,364	23,082	86,821
Expenditure										
Debt charges	(29)	(209)	(671)	(1,005)	(1,295)	(7,765)	(7,765)	(7,765)	(7,765)	(34,269)
Lifecycle costs	0	0	(168)	(170)	(187)	(1,456)	(2,088)	(2,396)	(3,117)	(9,582)
Net Operating Costs	0	0	0	0	0	(2,290)	(2,527)	(2,789)	(3,080)	(10,686)
Expenditure Total	(29)	(209)	(839)	(1,175)	(1,482)	(11,511)	(12,380)	(12,950)	(13,962)	(54,537)
Residual Income	65	(63)	36	816	1,060	5,662	7,174	8,414	9,120	32,284

The residual income will be used to promote the Freeport's objectives within the Freeport geography and wider Travel to Work Area, in accordance with the Plymouth and South Devon Policy for Retained Business Rates, with the early priorities being innovation and skills funding and offsetting the impact of any displacement of economic activity from the surrounding area.

3b) Further Revenue Funding

Additional revenue funding was sought to support start-up costs. The majority of this was requested to pay for specialist consultancy support in developing business cases and mobilising the Freeport prior to implementation in 2022/23. Partners to the Freeport proposals will have contributed an estimated £1.058m towards this phase of the project, showing their commitment over this timeframe. There is £0.513m additional revenue funding from DLUHC for the first two years of operation. This will be used to cover the difference between the expected income from Freeport landowners and the operating costs (i.e. the net operating costs). Without this additional revenue funding the Local Authority partners would not be able to meet the cash flow requirements of the Freeport, as expected income from retained rates cannot be accessed in the short term.

3c) Financial Risk

The risk register includes a number of detailed risks with implications for project finances, in terms of:

- Increased capital costs (associated with particular site risks as well as cost inflation) – modelled in terms of the additional borrowing that would be required;
- Increased construction inflation – modelled in terms of the annual percentage increase that would cause the Freeport's total forecast residual income of £32.3m to fall to nil;
- Increased operating costs – modelled in terms of the impact on potential profitability;
- Failure to secure sufficient market interest – modelled in terms of the impact on non-domestic rates retention as well as rental income at South Yard if occupancy is less than projected;
- Reduced scale of delivery – modelled on the basis of a) if the Princess Yachts development does not come forward; b) A reduced scale of delivery in phase 1b at Langage (i.e. Phase 1b land in excess of 'do minimum case' does not come forward);
- Delays in the development – modelled in terms of non-domestic rates retention;
- Increased interest rates on public match borrowing– modelled in terms of the impact on debt charges associated with public match borrowing, and;

- Failure to secure match funding– modelled in terms of the additional borrowing required if the seed capital grant was cut by 10%.

Financial modelling work explored the best/worst case scenarios as set out in Thirty-one:

Table Thirty-one: Financial Risks

Risk	Best Case	Worst Case	Financial Impact
Increased capital costs	No increase in the capital costs	10% increase in the capital costs	The additional public match borrowing required would result in debt charges increasing by £7.8m over 25 years, broken down by site as follows: <ul style="list-style-type: none"> • Langage - £4.2m • Sherford - £nil • South Yard - £3.6m Note: this analysis excludes projects that have no public match funding, as any additional costs for these projects would be met by private match funding
Increased rate of construction inflation	Inflation assumptions of between 4% and 5% per year	Annual construction inflation of 24%	The additional public match borrowing required would result in debt charges increasing by £32.3m over 25 years, which equates to the Freeport's total forecast residual income. Further sensitivity analysis on this risk has been conducted below
Increased operating costs	No increase in the operating costs identified	10% increase in the operating costs	Operating costs would increase by £1.3m over 25 years
Failure to secure sufficient market interest	No reduction in occupancy profile	Occupancy is 10% less than projected	Income from retained business rates would be reduced by £7.2m over 25 years
			Rental income at South Yard would be reduced by £2.2m over 25 years
Reduced scale of activity	No reduction in scale	The Princess Yachts Factory at South Yard does not come forward	Income from retained business rates would be reduced by £2.0m over 25 years
		The logistics capability does not proceed and the site is developed later	Income from retained rates would be reduced by £0.85m over 25 years
		A reduced scale of delivery at Langage	Income from retained business rates would be reduced by £22.4m over 25 years
Delays in development	No delays	1 year delay	Income from retained rates is reduced by £4.0 over 25 years
Interest rates increase	Interest rates do not increase above the assumptions used in the financial model	Interest rates increase by an additional 1% above the assumptions used in the financial model	Additional debt charges would be £4.5m over 25 years
Failure to secure sufficient match funding	No reduction	Seed capital grant cut by 10%	The additional public match borrowing required would result in debt charges increasing by £2.8m over 25 years
		Other sources of income not received	The additional public match borrowing required would result in debt charges increasing by £13.2m over 25 years

The analysis above presents the financial impact of individual risks, not the cumulative impact. The Freeport's total forecast residual income over 25 years is £32.3m. With the exception of an annual construction inflation increase of 24%, the impact of all of the individual risks identified above could be absorbed; indeed, multiple combinations of the risks identified could occur and still be absorbed within the total residual income of £32.3m. However, the risk of construction inflation has been identified as an area of significant risk (following recent increases in economy wide inflation measures and construction specific indices).

Construction Output Price Indices (OPIs) data published by the Office for National Statistics in February 2022 show a 12 month percentage change of 6.2% as at December 2021 for all construction output prices. Increased construction costs for capital projects that are public match-funded would require higher levels of borrowing by the three Local Authority partners that would in turn lead to higher debt charges and reduce the Freeport's residual income. We have modelled the impact of various inflation rates on the cost of these projects, all of which are profiled to be completed during the five years from 2022/23 to 2026/27. Table Thirty-two below shows the additional cost/borrowing and resulting additional debt charges if inflation on construction costs increased at the rates indicated for the entirety of this five-year period; the impact on the Freeport's total forecast residual income of £32.3m is also shown.

Table Thirty-two: Construction Inflation Risk

Annual Inflation Rate %	Additional Cost and Borrowing £m	Additional Debt Charges £m	Revised Residual Income £m
8%	6.0	6.9	25.4
10%	8.4	9.7	22.6
20%	21.9	25.4	6.9
24%	27.7	32.3	0.0

Section 4: The Commercial Case

4a) Tax Site Delivery and Management

The three tax sites which comprise the PASD Freeport are distinct with respect to land ownership and planning status. All three sites have clear strategies for activation and delivery to ensure that they can maximise the tax levers designated by Freeport status and ensure that the objectives of the PASD Freeport are realised. Delivery of the tax sites will be co-ordinated by the Freeport Delivery Team which will comprise representatives from Plymouth City Council, Devon County Council and South Hams District Council, in direct collaboration with the responsible planning and transport authorities, landowners, tenants / occupiers and key stakeholders. This is underpinned by robust governance structures which include landowner representation and backed up by our Gateway Policy and landowner agreements, thus enabling Freeport benefits to be realised. Our Gateway Policy and site-specific agreements will support us to realise benefits as follows.

Landowner / Site Agreements - landowner agreements ensure that landowners clearly understand the role and importance of the Freeport Gateway Policy maximising new economic activity and investment, whilst minimising displacement of existing investments. We have in place a comprehensive marketing strategy to support landowners in marketing our Freeport to appropriate commercial occupiers who will support the vision. Landowners have shared plans for capital spend to enable appropriate planning and utilisation of retained rates funding and they have engaged with the Board more generally to agree a workable approach to meeting the objectives in the emerging Freeport monitoring and evaluation guidance. The landowner agreements also set out the five-year annual revenue contribution (if any) that the landowner is committed to pay in support of the agreed revenue model. These agreements will play an important role in maximising PASD Freeport benefits. Following agreement of the OBC we have engaged with our landowners in a period of facilitated negotiation of the detail of Freeport partnership. This process has been an equal collaboration of key partners, building the detail of partnering arrangements, including, refining the detail of the Gateway Policy, landowner agreements and the overall commercial framework that reflects a shared view on how to achieve individual interests, recognise contributions and the overall achievement of Freeport objectives.

Gateway Policy - the PASD Freeport recognises the importance of maximising additionality to the UK economy by attracting new high value investment within target sectors to the Freeport. These priority

sectors are advanced manufacturing and engineering with a particular focus on marine, defence and space including low carbon applications.

This will be realised through establishing robust governance and management structures which align prospective tax and custom site tenants with the delivery of the identified Freeport benefits and objectives. The adoption of a Gateway Policy mitigates against risks to delivery of these benefits by providing clarity on the eligibility of prospective businesses and/or organisations into the Freeport sites.

The Gateway Policy will form the basis for agreements between the PASD Freeport Board, private sector landowners and tenants who will ultimately be the beneficiaries of the tax site levers including business rates. Compliance with the Gateway Policy will be the trigger for the consideration of discretionary Business Rates Relief by the relevant Council.

The purpose of the Gateway Policy will be to ensure that the PASD Freeport supports the clustering of businesses with a focus on the target sectors set out above. The core objective of the Gateway Policy will be to encourage international investment and UK businesses that have International Market opportunity and expansion plans to meet our Freeport vision and objectives, and also to minimise displacement of existing economic activity. The aim is to attract new businesses to the Freeport and the wider region, as well as existing businesses that intend to expand their operations and are likely to benefit from the Freeport levers and further to generate supply chain opportunities across the Freeport Outer Boundary, Travel-To-Work-Area (and indeed across the wider South West).

Eligibility - whilst tax and customs benefits will be applied within the Freeport boundary under primary legislation, the consideration of business rates relief will remain discretionary with the local authorities, subject to subsidy control, and aligned to the Freeport vision.

Landowners will align their development proposals to the Freeport vision for a period of a minimum of five years, including the key points around displacement.

With respect to UK companies and/or organisations looking to locate within the Freeport, the following criteria will be applied to the decision-making process:

- Businesses will need to clearly demonstrate how the proposed Freeport operations fall into one or more of the sectors above;
- Businesses will need to clearly demonstrate how the proposed Freeport operations represent incremental investment and employment additional to existing operations;
- Local businesses will not be precluded from applying to locate within the PASD Freezone but will need to show a significant uplift in new economic activity and growth to demonstrate genuine additionality that cannot be accommodated at their existing location; and,
- If a business is currently located within PASD and is a relocation for purposes of growth and/or expansion then evidence will be required to prove that no appropriate expansion space was available at the current site.

Landowners can discuss other uses with the Local Authority and Freeport Board, should they be able to demonstrate they have made best endeavours to comply with the Gateway Policy requirements, without a pipeline of suitable prospects coming forward.

A Gateway Policy Appeals Process has also been developed, with the Freeport Board ultimately responsible for deciding if there is a question of eligibility.

Monitoring Framework and Enforcement - it will be the responsibility of the Security and Compliance sub-Committee to monitor performance in relation to the effective delivery and management of the tax sites to ensure that the value of benefits is maximised and the Freeport objectives are realised. The sub-committee will make initial recommendations to the board on the application of the Gateway Policy and the committee will engage with tax site landowners, tenants and businesses to facilitate active engagement and participation with PASD Freeport initiatives such as skills programmes and

innovation and net zero activities to maximise the value of investments. These site level governance arrangements and monitoring frameworks will also ensure that the additionality of Freeport investment is maximised through appropriate use and occupation of tax sites in alignment with the Freeport target sectors and objectives.

The following section outlines the vision, current tax site status including land ownership, planning status and infrastructure needs required to unlock and deliver each of the tax sites as well as the commercial demand, governance, key risks and indicative timescales for site activation.

Site Vision, Strategy and Target Sectors – South Yard is a 31.9 hectare site located along the waterfront, near to the Port of Plymouth and adjacent to the existing Oceansgate Enterprise Zone. It will form the centrepiece of the Innovation Hotbed, supporting our drive to build globally impactful clusters where there are significant market opportunities; attracting investment and innovation activity within autonomous technologies in the marine and defence sectors and putting the UK on the map as an innovation superpower. The site will include an Innovation Centre and a Mobility Hub to be located on land parcels that are adjacent to the Enterprise Zone and are immediately available for redevelopment. This will be complemented by investments by our marine and defence resident enterprises who are already located on the South Yard site. Princess Yachts will develop a new factory on land which they already own for the production of a new 88ft motor yacht which will be the first to integrate all of Princess Yachts’ sustainability initiatives through the use of efficient design, electrification and sustainable materials. Other occupiers may also redevelop key buildings. These investments will deliver significant business expansion in high value and innovative manufacturing. The status is shown in Table Thirty-three below:

Table Thirty-three: South Yard Status

Land Ownership	Local Planning Authority	Planning Status	Commercial Demand	Activation Timescale
<p>There are two landowners:</p> <ul style="list-style-type: none"> • MOD • Princess Yachts International <p>Plymouth City Council also has a long lease from the MOD for a portion of the site</p>	Plymouth City Council	<p>Site Allocation</p> <ul style="list-style-type: none"> • Part of the South Yard Tax Site is allocated within the Plymouth and South West Devon Joint Local Plan under Policy PLY33 Oceansgate. Proposals for the site that fall outside of the allocation align with the policy contents of the JLP however • PLY33 supports the implementation of a Marine Industries Production Campus (MIPC) within the EZ comprising employment and café use of 5.88ha of South Yard <p>Pre-application</p> <ul style="list-style-type: none"> • Phase 3.1 Innovation Centre (ref 14/02268/LBC) has been submitted to the planners for Pre-Application review and is fully supported 	<p>Although no leases or HoTs have been signed for the Innovation Centre as yet, enquiries are strong and there is already demand for approx. one third of the space. It is currently expected to host the Ocean Futures innovation delivery service, Smart Sound Plymouth HQ and ROADS project teams. These will bring into the Freeport global projects leveraging local unique capability and landing FDI beyond initial prototype testing projects. NPL and Lloyds’ Register are seeking funding to establish a Smart Sound Connect Control Centre as well as the Marine Assured Autonomy Testbed</p>	<p>Work on the Innovation Centre and Mobility Hub will start in 2022/3 and be completed early in 2024/5. The Princess Yachts factory will commence in 2022/23 and the building redevelopment will commence in 2024/5</p>

Governance – we will have a site-specific agreement for South Yard, covering the three landowners/leaseholders (Plymouth City Council, Princess Yachts and MOD), the Freeport Company and Plymouth as the relevant Local Authority. This will be overseen by the Security and Compliance Sub-committee.

Key Risks Associated with Site Activation and Delivery – there is a risk that MOD and DIO timescales may slow development but this is being mitigated through regular dialogue and proposals do not require MOD progression across the wider site. There is also a risk that the material state of the buildings at South Yard are poorer than expected but this would be mitigated by additional private sector investment. It should also be noted that plans to develop key buildings will be directly linked to the commercial procurement opportunities being bid for.

Key Milestones for Site Activation – are shown in Table Thirty-four.

Table Thirty-four: South Yard Milestones

Site Element	Planning	Design	Construction
Innovation Centre	Planning submission Jan 2023	Commence July 2022	Commence June 2023 and occupancy by Jan 2025
Mobility Hub	Planning submission Jan 2023	Commence July 2022	Commence June 2023
Princess Yachts Factory		Design & Build contractor with outline design at tender, commencing April 2022. To be completed within 42 weeks	Build time of 71 weeks, commencing January 2023 followed by a period of migration. Factory fully live by July 2024
Wider South Yard redevelopment of buildings	N/A – permitted development		Refurbishment completed and occupancy by 2025/26

Tax Site 2: Langage

Site Vision, Strategy and Target Sectors – at 48.5 hectares, Langage is our largest tax site which also incorporates a customs site. The site will provide Industrial and Manufacturing as well as Light Industrial units for high value manufacturing/ engineering companies, focusing primarily but not exclusively on the marine, defence and space sectors, with low carbon applications, enabling us to support business expansion, investment and clustering to support the Freeport vision. As part of our value proposition, the site will also be home to a Green Hydrogen Electrolyser being developed by Carlton Power and a Mobility Hub to deliver sustainable and low carbon transport options. As shown in Table Thirty-five below, the site will be marketed to prospective tenants as part of the Freeport commercial marketing endeavours and nineteen businesses have already expressed interest.

Table Thirty-five: Langage Status

Land Ownership	Local Planning Authority	Planning Status	Commercial Demand	Activation Timescale
<p>There are three landowners within the tax site, including:</p> <ul style="list-style-type: none"> Carlton Power covering the Llangage Energy Park (Phase 1a) Plymouth City Council (Phase 1b) 	South Hams District Council/Devon County Council	<p>Site Allocation</p> <ul style="list-style-type: none"> The whole of Llangage tax site is allocated within the Plymouth and South West Devon Joint Local Plan under Policy PLY51 <p>Full Planning</p> <ul style="list-style-type: none"> Elements of Phase 1a – Energy Park at Llangage Farm (2,970sqm) under 0015/20/ARM has commenced through creation of the foundations for the industrial buildings and construction of vehicular access. The buildings have not yet been constructed Elements of Phase 1b - at Llangage South (4,645sqm) under 1878/19/FUL. The scheme will be brought forwards by PCC 	Although no leases or HoTs have been signed as yet, enquiries are strong with interest having been expressed by 19 companies. These have been ranked by maturity of the inquiry	Advance works for the phased delivery of road and core infrastructure start in July 2022 (assuming Freeport designation) with the construction of the first phase complete in 23/24

Land Ownership	Local Planning Authority	Planning Status	Commercial Demand	Activation Timescale
<ul style="list-style-type: none"> Private landowner (Phase 1b) 		<p>Outline Planning</p> <ul style="list-style-type: none"> Elements of Phase 1a - Energy Park Langage Farm (~50,000sqm) under 49/1020/98 to be brought forwards by Carlton Power <p>Planning permission will be needed on the privately owned Phase 1b land (excluding the PCC units). Because the Langage site has already been allocated, outline planning permission could be granted for the whole of this Phase 1b land in as little as 16 weeks from receipt of application. Once granted, detailed applications would most likely then come forward for reserved matters on a plot-by-plot basis. Work has already commenced on developing the outline application through the master-planning work undertaken for the Freeport and the whole process to achieve full planning permission for this part of the site is likely to take around twelve months to complete. Alternatively, the applicant could submit a 'hybrid' outline planning application with sufficient detail to obtain full planning permission for parts of the site that are ready to be developed. This could speed up the timeframe</p>	which shows that one is 100%, two are 75% and three are 50%	<p>and remainder by October 2025</p> <p>Occupation starts from April 2024 in a phased way as plots become accessible</p>

Governance – we will have a site-specific agreement for Langage, covering the three landowners (Plymouth City Council, Carlton Power and ultimately SHDC), the Freeport Company and the relevant Local Authorities. This will be overseen by the Security and Compliance Sub-committee.

Key Risks associated with Site Activation and Delivery – there are no major risks identified which will prevent delivery of the Langage tax site Phases 1a and 1b. However, lack of supportive engagement to date from the private sector Langage site landowner located in 1b land means that there is a risk of Compulsory Purchase Order (CPO) which would impact on delivery timelines. There is also a risk that National Highways stop further planning at any site until transport infrastructure is improved but this is being mitigated through regular dialogue.

Key Milestones for Site Activation - land purchase (part of Phase 1b) will be completed in August 2022. A timetable for the remaining elements in shown in Table Thirty-six below.

Table Thirty-six: Langage Milestones

Site Element	Planning	Design	Construction
Langage Energy 1a land (including Green Hydrogen Electrolyser)	Differing planning requirements across site – some plots have reserved matter permission and commencement on site – while others are greenfield and require full planning. As part of landowner agreement work, planning and delivery timelines are being agreed. The project programme currently assumes completion of road and core infrastructure by Oct 2025. However, delivery of units will begin in 23/24 as plots become accessible. Occupation is expected to start from 2024/25		
PCC land – 'Langage South' – Part of 1b	Has now been granted	Detailed design and procurement approx. 6 months	Scheduled to commence late 2022, with completion in 24/25 and occupancy 25/26
Phase 1b remaining land (excluding PCC plot)	Full planning would be required. Anticipate this to require approximately 1 year, including preliminary design/investigations and survey work	Detailed design and procurement would be phased in line with development	Project programme currently assumes delivery of units from 24/25 – 25/26

Site Element	Planning	Design	Construction
Spine Road (Phase 1 within customs site)	Full planning to be sought from Devon County Council. Anticipate this to require approximately 8-12 months, including preliminary design/investigations and survey work	Detailed design and procurement approx. 6 months	Anticipate construction programme of approx. 9 months. Project programme currently assumes delivery of first phase 23/24
Pedestrian / Cycle Bridge	Full planning to be sought from Devon County Council. Anticipate this to require approximately 12 months, including preliminary design/investigations and survey work	Detailed design and procurement approx. 10 months. Potential design and build contract	Anticipate construction programme of approx. 10 months. Project programme currently assumes delivery 24/25

Tax Site 3: Sherford

Site Vision, Strategy and Target Sectors – proposals are being considered for the 7.9 hectare Sherford tax site which occupies part of a larger greenfield site owned by the Sherford Consortium with a view to it being developed as an logistics facility with a coterminous tax and customs site boundary (subject to operator agreement). This could provide warehousing, storage and engineering space. Its status is shown in Figure Thirty-seven.

Table Thirty-seven: Sherford Status

Land Ownership	Local Planning Authority	Planning Status	Commercial Demand	Activation Timescale
<p>The land ownership is consolidated under one land title. The following entities hold land ownership:</p> <ul style="list-style-type: none"> • Taylor Wimpey UK Ltd • Linden Homes (Sherford) LLP • Bovis Latimer (Sherford) LLP 	South Hams District Council	<p>Site Allocation</p> <ul style="list-style-type: none"> • The Sherford Tax Site is allocated within the Plymouth and South West Devon Joint Local Plan under Policy PLY48 (Sherford New Community) which is allocated for up to 67,000sqm of new employment floorspace alongside new community uses <p>Outline Planning</p> <ul style="list-style-type: none"> • Outline planning has been granted for the proposed 'Sherford New Community' comprising up to 67,000sqm of business and commercial space together with details of the Main Street link between Deep Lane junction and Stanborough Cross. Reserved matters have been approved in phases with pieces of infrastructure delivered including the first 600 homes <p>A Section 73 application is currently being considered by SHDC to vary conditions on the existing outline permission to align the Freeport proposal to the outline</p>	N/A (occupation by a single tenant)	Subject to developer approvals, design is anticipated to start in late 2022 and take approximately six months to complete. Site enabling works are anticipated to start in late 2022. These will be followed by the main construction contract which is likely to finish in 2024. The main contractor is likely to be appointed in 2023, followed by a short period of contractor mobilisation. Occupation would be scheduled from October 2024

Governance – we will have a site-specific agreement for Sherford, covering the landowners, the Freeport Company and the relevant Local Authorities. This will be overseen by the Security and Compliance Sub-committee.

Key Risks associated with Site Activation and Delivery – the delivery model and business case for its provision are still subject to progression.

Key Milestones for Site Activation - acquisition of the land from the Sherford Consortium. Subject to planning and investment approvals, design work is anticipated to commence in 2022 with construction potentially starting in May 2023 as shown in Table Thirty-eight below. It is expected to be operational by October 2024.

Table Thirty-eight: Sherford Milestones

Planning	Design	Construction
Planning is anticipated to take around 8 months. With outline planning already in place for 67,000sqm of commercial space, we anticipate this provides an appropriately conservative timeframe for achieving approvals	Design works have already initiated. Category B fit out design is anticipated to start in August 2022 and take approximately six months to complete	Site enabling works are anticipated to start in late 2022. These will be followed by the main construction contract which is likely to finish in 2024. The main contractor is likely to be appointed in 2023, followed by a short period of contractor mobilisation. The category B fit out works take place in the later stages of build. All subject to developer approvals

4b) Customs Site Delivery and Management

As with the tax sites, the three customs sites which comprise the PASD Freeport are distinct with respect to land ownership and planning status and are described below.

Customs Site A: Initial Site – Burrington Way

Site Vision, Strategy and Target Sectors – the size, configuration and temporary nature of the Burrington Way site means that it will be for exclusive use yet it would provide an operational customs site from the point of Freeport designation. Note: as the site itself is already developed, is expected to be temporary and is sitting outside of our tax site boundaries, this potential customs site has been excluded from our economic and financial modelling. Land ownership and planning status are shown in Table Thirty-nine.

Table Thirty-nine: Burrington Way Proposed Customs Site (subject to agreement and approval by the operator)

Land Ownership	Local Planning Authority	Planning Status	Operator	Activation Timescale
Babcock (leaseholder)	Plymouth City Council	The site has already been developed (located on a former cash and carry site)	Babcock	Twelve months from designation

Governance – it is intended that a partnering agreement be developed between the Freeport Company and Babcock as the initial Customs Operator who intend to manage and resource the site.

Key Risks Associated with Site Activation and Delivery – the key risk for PCC and the PASD Freeport is the inability to secure CSO capability. We consider this to be a low risk and it would be mitigated by the establishment of an alternative CSO/custom site if needed.

Key Milestones for Site Activation – the site is already developed and is likely to be authorised, alongside authorising the Operator (CSO). Post authorisation, a period of a maximum of 12 months has been agreed in which the site must be activated.

Customs Site B: Langage

Site Vision, Strategy and Target Sectors – the site at Langage has been master-planned to include 10,000sqm of B8 and 15,000sqm of B2 plots for use as a customs site and through our commercial marketing efforts, we will promote this as an opportunity to export orientated manufacturing businesses. Whilst there has been some interest to date, there is not the confirmed volume to bring it forward from the outset. However, it will remain core to our overall proposition in the hope of raising interest and then developing and scaling at pace. Operational arrangements will be finalised as soon

as there is sufficient demand to bring the site forward. Land ownership and planning status are shown in Table Forty.

Table Forty: Language Customs Site

Land Ownership	Local Planning Authority	Planning Status	Operator	Activation Timescale
Carlton Power	South Hams District Council / Devon County Council	Within outline planning consent 49/1020/98, for ~50,000sqm of development for office, light industrial, general industrial and warehousing use. SHDC indicate that as other reserved matters have been approved within this application, site pre-commencement conditions have been met. Further survey work and planning is required. There are challenges associated with opening greenfield site (including delivery of all infrastructure, some upfront). There are S106 planning matters that need to be addressed, including landscaping and highway requirements.	To be determined at the point at which there is sufficient demand to bring the site forward	Advance works for first phase of spine road (within customs site) and core infrastructure start in July 2022 (assuming Freeport designation). Delivery of buildings associated with customs site to follow on from / be an iterative process with the above infrastructure works

Governance – the governance arrangements will be confirmed when the site is brought forward.

Key Risks Associated with Site Activation and Delivery – key risks are a lack of demand for the site, mitigated through an effective marketing campaign; and, failure to identify and authorise a customs site operator. Options for a customs site operator will be explored at the point at which there is sufficient demand to bring the site forward.

Key Milestones for Site Activation – with land agreements commencing in June 2022 and core infrastructure planning in Autumn 2023, site/building construction could begin in Spring 2024, with the site being ready by Winter 2024/Spring 2025. However, this will be subject to commercial demand.

Customs Site C: Sherford

Site Vision, Strategy and Target Sectors – plans are proposed to develop the site as a logistics capability with a coterminous tax and customs site boundary (subject to Operator agreement), providing warehousing, storage and engineering space. Land ownership and planning status are shown in Table Forty-one.

Table Forty-one: Sherford Customs Site

Land Ownership	Local Planning Authority	Planning Status	Operator	Activation Timescale
<p>The land ownership is consolidated under one land title. The following entities hold land ownership:</p> <ul style="list-style-type: none"> Taylor Wimpey UK Ltd Linden Homes (Sherford) LLP Bovis Latimer (Sherford) LLP 	South Hams District Council	<p>Site Allocation</p> <ul style="list-style-type: none"> The Sherford Tax Site is allocated within the Plymouth and South West Devon Joint Local Plan under Policy PLY48 (Sherford New Community) which is allocated for up to 67,000sqm of new employment floorspace alongside new community uses <p>Outline Planning</p> <ul style="list-style-type: none"> Outline planning has been granted for the proposed 'Sherford New Community' comprising up to 67,000sqm of business and commercial space together with details of the Main Street link between 	TBC	<p>Site enabling works to deliver the road and core infrastructure by April 2023, before potential construction of a logistics capability between May 2023 and late 2024. Occupation would be scheduled from end 2024. All subject to approval</p>

Land Ownership	Local Planning Authority	Planning Status	Operator	Activation Timescale
		<p>Deep Lane junction and Stanborough Cross. Reserved matters have been approved in phases with pieces of infrastructure delivered including the first 600 homes</p> <p>A Section 73 application is currently being considered by SHDC to vary conditions on the existing outline permission to align the Freeport proposal to the outline</p>		

Governance – the governance arrangements will be the same as for the tax site (see Section 4a above) as it has coterminous boundaries.

Key Risks Associated with Site Activation and Delivery – are as described for the Sherford tax site (see Section 4a above).

Key Milestones for Site Activation – are as described for the Sherford tax site (see Section 4a above).

4c) Commercial and Marketing Plans

The Plymouth and South Devon Freeport will have its own unique brand of which all board members through the governance structure will agree.

The Freeport will be branded as: **Plymouth and South Devon Freeport** and at this current time will be just one of eight Freeports as part of the UK Freeports programme. This will form the umbrella brand identity and all commercial and marketing activity will be required to be badged/co-badged accordingly. On sign-off of the brand assets including agreed logo, all public and private partners and HMG will have clear branding guidelines for use of the Plymouth and South Devon Freeport brand as part of the UK Freeports Programme assets.

The final agreed logo will be representative of the unique innovation, marine, defence and space strengths and target sectors of the Freeport. At present no tagline has been attached to the PASD Freeport – this will be discussed further during the branding process. After first full title mention in any written communications, it will be appropriate to shorten to **PASD Freeport**.

Commercial and marketing activity for the Plymouth and South Devon Freeport will have a key focus on attracting and retaining businesses in the following sectors: advanced manufacturing and engineering with a particular focus on marine, defence and space including low carbon applications. Activities will be fully aligned with the Freeport's Trade and Investment and Innovation Strategies and will also have a direct read-across to the Stakeholder Communications Strategy.

Marketing Resource - the operating model for the Freeport includes a Marketing, Trade and Investment Manager. This role will be expected to:

- Work with local / national stakeholders to develop marketing content;
- Inform expenditure of marketing budget to maximise the impact of activities in driving forward increased trade and investment activity;
- Be the budget holder for T&I Marketing activity;
- Be responsible for delivering the marketing activities associated to the T&I strategy; and,
- Be a member of T&I Task Force.

Marketing Budget – there is an allocated marketing budget assigned to the Freeport. Marketing activity will be particularly aggressive within the first eighteen months of operation to enable landing of businesses thus ensuring they can best benefit from the tax and custom opportunities available. A detailed proposed marketing plan is included in the updated Stakeholder Communications.

Marketing Responsibilities – the Marketing, Trade and Investment Manager and any additional marketing resource will support the private sector to market their sites through Freeport brand backing, collateral support, networking opportunities, stakeholder engagement and by establishing a positive and engaging relationship with the landowner's nominated commercial agents to ensure Freeport information is up-to-date, clear, concise and relevant to the landing process.

The Freeport Sites - as highlighted throughout this FBC, the Freeport is made up of three tax sites and two customs sites (South Yard, Sherford and Langage) as well as a potential temporary customs site at Burrington Way which will not be marketed. For the purposes of marketing the Freeport these individual site names will be provided in context of the Freeport area and will not be branded individually – each site will be part of the Plymouth and South Devon Freeport. For example: Oceansgate (part of Plymouth and South Devon Freeport). An exemplar of multi-site branding is the Harwell Science and Innovation Campus and one which may be considered for the Plymouth and South Devon Freeport.

In all cases road signs and site signage will be badged/co-badged where appropriate to welcome businesses/visitors to the PASD Freeport.

Due to their nature each site will have differing commercial and marketing needs:

South Yard:

- Oceansgate currently has its own brand identity and stable of brand assets. The Oceansgate website already provides a pipeline of enquiries for potential Freeport business and these enquiries are suitably funnelled to the current Freeport team – this will continue when the Freeport brand comes on line. Future co-badged branding will be established between Oceansgate and PASD Freeport but equally each will also have their own identity. Note: Oceansgate will continue to expand into Area 5 as that land is released to PCC/PASD and we will be actively marketing Areas 4 and 5 of South Yard behind the wire. This will require an intensive piece of work with separate marketing collateral;
- The new Innovation Centre is yet to be named, options are: Oceansgate Innovation Centre, Ocean Futures Centre, Marine Autonomy Innovation Centre; and,
- Our private sector resident enterprises are already located on this tax site and in the short term, at least, are developing their sites for their exclusive use, though longer-term plans consider attracting supply chains to co-locate.

Sherford:

It is intended that the tax and customs site at Sherford could be developed as a logistics capability, providing an opportunity to create off site expansion and storage space for materials processing and stock management.

Langage:

As our largest site, Langage will provide the greatest range of opportunities for businesses looking to locate or expand into the area, offering both tax and customs options. Working with the land owner's own commercial agents, we will work to secure suitable tenants under the Freeport umbrella brand.

Tenant Marketing Support – a PASD Freeport branding package will be made available to all tenants and this will include all relevant branding assets and marketing collateral required to promote the Freeport and the wider UK Freeport programme. Tenants will be expected, at a minimum, to include the Freeport logo on their own website with a link back to the PASD Freeport website but will be encouraged to share their news and events with the Freeport marketing lead, share relevant content across their own media channels, provide case studies for future marketing of the Freeport and become a ‘brand ambassador’ for the PASD Freeport and equally the UK Freeport programme. The Freeport marketing lead will work with individual tenants should there be a requirement for bespoke marketing collateral that further supports the umbrella brand of the Freeport and the overall UK Freeport programme. For example, co-badged marketing collateral for Princess Yachts to take to international boat shows.

Commercial Agents - commercial agents are already engaged by site landowners. Clear and precise lines of communication will be established and aligned with the ambition of the Freeport to ensure that any activity being conducted by a third party is representative of the Freeport and enquiries and landings are done with the Gateway Policy adhered to. The relationship with commercial agents will need to be continually managed and support provided to them (branding assets, information, updates) for them to be able to identify opportunities and add value to the process for businesses of joining the Freeport. The Freeport Board will also reiterate the importance to commercial agents of having in-depth market knowledge of innovation, marine, defence and space sectors locally, regionally, nationally and internationally to land business prospects.

Part of the UK Freeport Programme - PASD Freeport proudly sits with seven other nominated Freeports within England and will ensure that commercial and marketing activity reflects this position as a unique opportunity for businesses to be engaged with. To further strengthen the brand of the UK Freeports programme we would suggest that there is a mechanism for pipeline/enquiry flow so as to ensure no lost potential business within the network outside of the country where at all possible. For example, each Freeport having top level knowledge of each other’s unique propositions and business targets and, if appropriate, handing a cold/warm lead on to the more relevant Freeport e.g. space business/supply chain enquiries to the Plymouth and South Devon team. This could be an action that T&I/marketing leads within each Freeport support. This would be preferable to the overarching UK Freeport brand than losing a potential business lead for any of the network.

Likewise, we would encourage press/PR for each of the eight Freeports to include a one liner that highlights the UK Freeport programme and being a member thereof in any communications. The PASD Freeport will be showcased on a global stage and in line with identified sectors and markets. The brand will be strong to compete, and compliment, with not only the current seven Freeports as part of the UK programme but also international Freeports and competitive markets. We will do this by ensuring a global focus, in conjunction with a regional and national lens on all commercial and marketing activity.

Mechanism for Promoting the Freeport - the marketing content will heavily demonstrate the benefits and strengths of clustering opportunities, supply chain agglomeration, sub-sector specialism etc. to create awareness and desire for businesses to be a part of the Freeport. On and offline marketing channels for promoting the Freeport to end users will include:

- A stand-alone website;
- A printed and digital brochure including individual branded data/fact/unit sheets/inserts for sector led enquiries;
- Dedicated social media channels (Twitter and LinkedIn);
- Digital assets including video, imagery, infographics and social media graphics; and,

- E-newsletters (funnelled for each stage of the end user journey from enquiry to retain and growth).

The operating model for the Freeport includes a Marketing, Trade and Investment Manager and an Innovation/ Cluster Formation manager. Both roles will work in tandem with the existing PCC Inward Investment team. The Innovation/Cluster Formation Manager role will also be a single point of contact for Freeport businesses to find skills, Net Zero, Innovation support etc. and help develop such plans with local intelligence and resources found in Local Authorities and Clusters.

Through account management with the Inward Investment teams and with coordinated marketing activity we will build on the pipeline of activity already prevalent within the individual Local Authorities. We will identify opportunities along the customer acquisition journey to match make businesses to the Freeport accordingly.

We will also develop:

- An agreed data management system for the PASD Freeport;
- Networking and stakeholder engagement events;
- Road signage and vehicle livery (net zero aims);
- Press and PR across local, regional, national and international publications (on and offline);
- Freeport ambassadors – including new and existing tenants – with case studies, interviews, representation;
- Opportunities through clusters, networks and supply chains.

In alignment with the Freeport's net zero objectives, all tenants will be encouraged to promote their own green/clean growth/net carbon zero ambitions.

Key Performance Indicators - aligning with the T&I strategy, KPIs of commercial and marketing activity will include support in achieving an increase in the number of businesses trading through the Freeport, new Foreign Direct Investment (FDI) attracted and ultimately, jobs created. Other KPIs will be developed when the Freeport is operational to measure brand awareness/digital marketing assets and could include social media users/newsletter sign up/event attendance.

4d) Procurement Strategy

The PASD Freeport procurement strategy sets a robust plan to cost effectively secure goods, services and works from suppliers who can deliver to time and quality. It focuses specifically on the seed capital as well as the DLUHC capacity funding. Having assessed the scope of the works required for the seed capital projects we can confirm that the majority of the procurement exercises will be run by one of the three Local Authority partners: Plymouth City Council, South Hams District Council or Devon County Council with a small number of procurements to be run by our private sector partners, the Sherford Consortium, Princess Yachts and ABP as well as the MOD. Whether delivered by the public or private sector, our procurement strategy is based on the premise that all procurement of works, equipment, goods and services shall be based on value for money (Most Economically Advantageous Tender (MEAT)) and in accordance with all relevant law. There will be a strong focus on:

- Delivering Value for Money (VfM);
- Ensuring that regulatory standards are met,
- Delivering wider economic, social and environmental benefits; and,
- Contribution to low carbon objectives and adherence and positive contributions to equality.

The strategy also takes into account factors such as timelines/ time pressures, available budget, risk reduction and risk sharing opportunities as well as mechanisms that drive performance.

Each of the three Local Authorities have their own procurement policies, contract standing orders and procedural notes for officers to deliver robust and compliant procurements. These are consistent with and build upon national best practice. Within these policies, detail is found on how each Local Authority delivers wider economic, social and environmental benefits, sometimes referred to as sustainable procurement or responsible procurement strategies. These are nuanced within the policy of each Local Authority, however, each sets clear guiding principles on:

- Modern slavery;
- Fair contracting and living wage;
- Skills development including apprenticeships and training;
- Local spend;
- Supporting SMEs and local supply chains;
- Green purchasing, the environment and supporting the net zero agenda;
- Equality and diversity; and,
- Embracing innovation.

The route to market for each procurement acknowledges a range of existing commercial arrangements that are already in place including use of in-house teams and existing appointments of specialist services where appropriate. In addition to this, our procurement plans show that a number of regional and national frameworks will be utilised as part of our procurement strategy (both by public and private sector partners). These frameworks allow buyers to gain better commercial deals through bulk deals to the market as if they were supplying a single customer. All such frameworks are compliant with key procurement regulations and have standardised contract terms to reduce administration. Many of these frameworks have a range of suppliers from large multi nationals through to small and medium sized businesses (SMEs) and have continuous improvement mechanisms built in.

As part of our procurement strategy and to ensure good governance across the PASD Freeport, we will require a business case to be developed for each investment – both public and private sector – based on Green Book principles which will be signed off in detail by the Member Steering Group and ultimately approved through the annual business planning cycle by the Freeport Board. The investments have already been identified through this FBC and, as highlighted in the Financial Case, are at different stages of maturity. As such we will draw on the Infrastructure and Project Authority's (IPA) Gate Review Process as the basis for formally approving them but tailored to the level of maturity of the individual investment. This could involve the following key stages, with the Member Steering Group signing off at Gate 3. They will be informed and supported by the Local Authorities' capital programmes teams who will undertake gate reviews on an on-going basis to enable the investments to proceed at pace:

- Gate 0 – Strategic Assessment – to ensure that the outcomes and objectives remain aligned with the Freeport vision and are achievable;
- Gate 1 – Business Justification (or Expression of Interest) – to confirm that the project scope is clear and achievable and is likely to deliver what is required;
- Gate 2 – Delivery Strategy – to develop a more detailed plan for implementation including procurement routes, subsidy control assessment and so forth; and,
- Gate 3 – Full Business Case - to confirm that the project is still required, affordable and achievable within the proposed time and that the implementation plans are robust.

4e) Risk Transfer

Allocation and management of risk is central to strong and successful commercial contracts. It is therefore essential that consideration is given to risk allocation approaches in business case development and as part of commercial and procurement strategies to ensure successful delivery. The public sector can manage risk by carefully negotiating provisions to transfer or share risk with suppliers. Effectiveness and value for money of contracted services will only be achieved where risk allocation is equitable and where the party managing the risk is the one most reasonably able to do so.

As part of normal project and business case development, risks have been assessed across the PASD Freeport. These are regularly reviewed and updated across the project. As individual projects develop, project or scheme level risk registers will be further developed that are summarised in the overarching Freeport risk register.

A number of risks that have/will be examined and assessed as part of the development of the procurement strategies and contract approaches for the seed capital initiatives. This assessment process considers ways of mitigating and managing each risk, and looks at the different possible approaches to who can best manage each risk by having the levers and control to do so. The areas where the seed capital project risks are likely to be transferred to the private sector include:

- Solution/ design risk;
- Delivery risk/ programme and timescales;
- Inflation;
- Sub-contractor insolvency; and,
- Cost risk.

A business case for each seed capital proposal will be produced and will include a procurement strategy/ approach that will include details of the approach to both risk and risk transfer. These will be scrutinised and if deemed fit for purpose will be signed off in detail by the Member Steering Group and ultimately approved through the annual business planning cycle by the Freeport Board. The Local Authorities are highly experienced in managing the risks identified. Within our procurement strategy we have identified a number of frameworks that can be utilised for Local Authority seed capital projects. Such frameworks have mature contracting processes including tested prices, as well as control mechanisms for a number of the risks that we are likely to transfer. This includes framework design and build contracts (managing design risk and programme delivery risk), contracts with clear payment mechanisms based on fixed price and or cost reimbursable approaches with fixed prelims and profit margins managed by skilled Quantity Surveyors who undertake commercial valuations. Some of our delivery partners also have access to framework contracts. If the business case is being brought forward by the private sector, partnership agreements will be developed to bind the private sector to the agreed approaches and management mechanisms for development and delivery of the seed capital.

4f) Contract Management

The seed capital projects will be delivered by a mixture of public and private sector bodies with the Local Authorities ultimately being responsible for contract management. Current cost profiles for each seed capital investment/project includes allowances for project management. This will be undertaken by contracted in professional staff or in house by either Local Authority or partner staff. Each project manager will be responsible for execution of contracts to time, cost and quality and ensuring each contract delivers its outcomes and objectives which can include social, economic and environmental benefits as outlined in the procurement guiding principles. Both Devon County Council and Plymouth City Council have highly skilled and experienced project management and client staff with track

records in infrastructure contract management at scale, based upon national contract management best practice. These staff will report into PASD Freeport board at regular frequencies during delivery for good governance, scrutiny and assurance. In addition to this the PASD Freeport company resources include a Freeport CEO and Senior officer who both will have clear accountabilities for the Freeport delivery plan which includes the clienting of the seed capital and other infrastructure. They are supported by an administration resource.

Many of the contracting arrangements proposed utilise existing national delivery frameworks where contract include performance management, obliging suppliers to regularly report on key criteria and also obliging suppliers to improve value and service over time. A review of contract management procedures will be part of the business case sign off/ gateway by the Member Steering Group alongside the procurement route to market decision. This will ensure that contract management capacity and mechanisms are identified for each project and adequately scrutinised and assured.

4g) Public Sector Borrowing

All public sector borrowing will be funded through TIF against future retained business rate income. It will be used to fund capital projects as detailed in the Financial Case. Public borrowing under the preferred scenario is all required within the first five years of the Freeport's life (2022/23 to 2026/27).

Prudent - seed capital funding will be deployed as an early facilitator for the Freeport project, funding land assembly, site remediation and the building of roads to increase access to both tax and custom sites. Utilising the seed capital funding at this early stage of the Freeport's life has the effect of pushing back the public borrowing requirement, which reduces risk to local authority partners. The financial model assumes public sector borrowing is only drawn down as and when it is required.

Affordable - the affordability of the Freeport project as a whole, and of the public borrowing that forms an integral part of the overall capital investment, is demonstrated in Table Thirty-one of section 3a. *Financial resources and budgets*. In accordance with the Plymouth and South Devon Policy for Retained Business Rates, debt charges will be the first call on retained business rates. Income from retained business rates growth is forecast to be £72.0m over the 25-year retention period, which covers the £34.3m of forecast debt charges associated with public borrowing by a factor of 2.1 times. Further assurance over the affordability of public borrowing can be taken from the sensitivity analysis (see Financial Case), which demonstrates that an increase in interest rates of 1% would result in additional debt charges of £4.5m over 25 years, which falls comfortably within the residual income of £32.3m for the Freeport.

Sustainable - from year 2024/25 onwards income from retained business rates covers debt charges associated with public borrowing. There is a £63k shortfall of income to cover debt charges in 2023/24, which will be met by local authority partners' revenue resources and repaid in 2025/26 when income from retained business increases significantly and residual income for the Freeport is £816k.

4h) Subsidy Control

The Local Authorities have considered subsidy control for the Freeport project. Plymouth City Council has commissioned two independent legal assessments to provide preliminary advice on some of the early-stage proposals (including rates retention) and to assess their likely fit with Subsidy Control. On behalf of the partnership, it has also taken legal advice on what subsidies are in generic terms, the transparency requirements where subsidy is to be provided, the circumstances in which subsidy may lawfully be given and some initial advice on risk mitigation. Following the initial advice, Plymouth City Council as the Accountable Body, will work with the Members Steering Group to embed assessments of subsidy control risks within its governance structures as explained below.

Plymouth City Council is aware of the obligations imposed on it under section 29 of the European Union (Future Relationship) Act 2021 in relation to the application of the subsidy control regime contained in the Trade and Co-operation Agreement between the UK, the European Union and the European Atomic Agency Community. Plymouth City Council is also aware of its wider duty to ensure that the UK complies with its other international obligations and of the passage of the Subsidy Control Bill through Parliament and the duties on public bodies to consider the subsidy control principles and, where relevant, the environment and energy principles before making decisions on subsidy. Plymouth City Council is in the process of registering to use the BEIS subsidy control database.

We are also aware that, in the next few months, the government will be publishing subsidiary legislation and guidance (perhaps in draft form initially for consultation) that will be relevant to our governance processes. In particular, the government's policy position on "streamlined subsidy schemes" and on subsidies of interest and subsidies of particular interest may be very relevant to our Freeport.

The Council has developed its processes in line with:

- The legal advice;
- The BEIS Guidance on the UK's international subsidy control commitments - GOV.UK (www.gov.uk);
- Use of the template attached as an Annex to the Guidance to record decisions relating to the giving of subsidy; and,
- The council's own financial regulations and standing orders and approved Treasury Management strategy.

In addition, Plymouth City Council is engaging with the other Freeport teams and the Freeport Hub to learn from their approaches and develop best practice. We will integrate this learning into our processes where possible.

At present, Plymouth City Council does not propose to create a subsidy scheme. Instead, where it proposes to provide financial assistance, it will do so under the overall Freeport governance and decision-making processes. All financial assistance provided to third parties will be the subject of a funding agreement. Projects will have to submit a full business case before funding can be agreed and the question of subsidy control will form an integral part of this. Where necessary, the council will commission specialist legal advice. Only if the project is compliant with Subsidy Control principles, can the project proceed. The business case and its appraisal will include an analysis of the following questions:

- Whether the financial assistance is subsidy at all;
- If it is, whether or not the Northern Ireland protocol or other free trade agreements might be relevant. If so, it may be necessary to consult with BEIS;
- Whether or not, even if it is subsidy, whether there is a relevant exemption;
- Whether or not the proposed assistance is, in any event, prohibited;
- Whether or not the proposed assistance is covered by a streamlined subsidy scheme;
- Whether or not the proposed assistance might be a subsidy of interest or a subsidy of particular interest. If so, a referral to the CMA might be required; and,
- Whether the proposed financial assistance complies with the relevant principles.

If there are any material variations to any project after the business case has been agreed, these will be flagged as a need to re-appraise whether or not previous assumptions on the lawfulness of the assistance remain true. Where any exemption is to be used, Plymouth City Council will ensure that the

conditions relating to the availability of that exemption are adhered to. This will be noted as a condition of funding.

Once any subsidy has been given, the council will ensure that the relevant information is uploaded on to the BEIS subsidy database.

Compliance with Subsidy Control has been recorded as an entry on in the risk register. The programme manager will be responsible for overseeing Subsidy Control compliance, including monitoring the risk register and ensuring that individual conditions with regards to Subsidy Control are adhered to, as well as uploading the relevant information on the BEIS subsidy database.

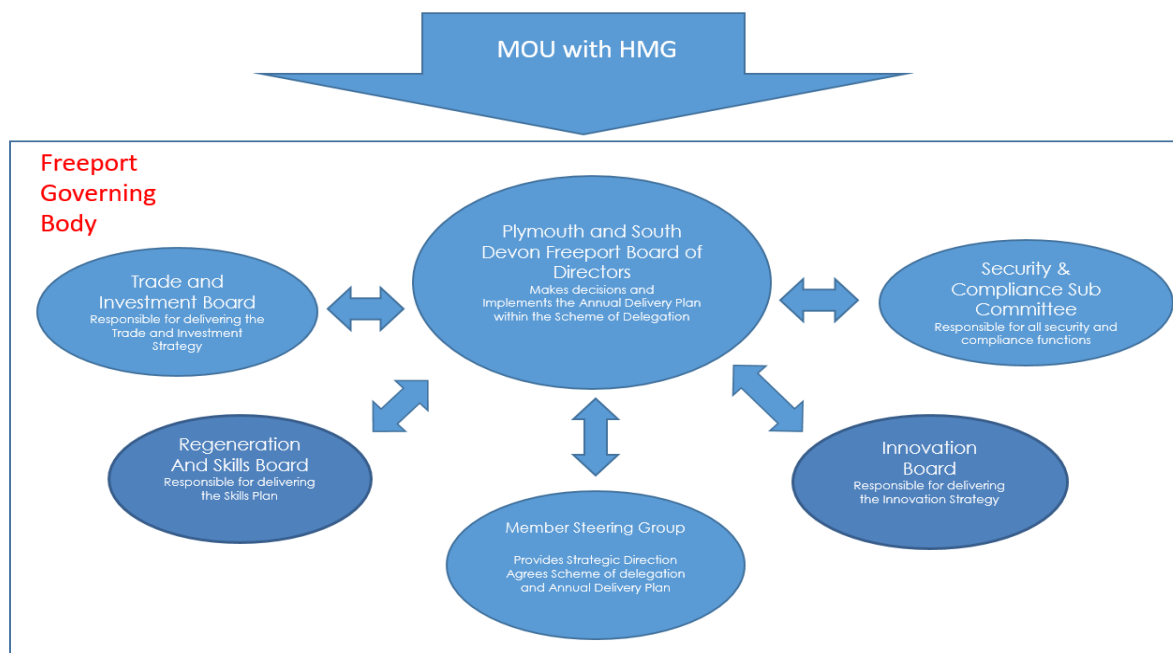
Section 5: The Management Case

This section of the FBC builds on our initial governance submission. It provides an update on progress made towards our intended governance and management structures as well as the key systems and processes that will underpin them.

The national Freeport policy provides us with a unique opportunity to transform our area but success will be dependent on embedding the right structures and processes to take full advantage of the offer. To facilitate this, we have reviewed and refined our governance and management arrangements and these are described in this section of the FBC. They are underpinned by the Nolan Principles of public office ensuring that selflessness, integrity, objectivity, accountability, openness, honesty and leadership are embedded in our processes.

5a) Governance Timeline and Update

Statement of the Long-term Governance Arrangements for the Freeport - the Plymouth and South Devon Freeport Company has now been established and had its first meeting in June 2022. It will be responsible for the delivery and operation of the Freeport. The schematic overleaf shows the relationships between the different elements.



The Freeport Company – is a Company Limited by Guarantee established by the founder members who are the Local Authority partners. It has the following features:

- Plymouth City Council as the Accountable Body will receive and allocate the seed capital to support the delivery of the Annual Delivery Plan;
- The Freeport Company will have autonomy to operate and run the Freeport within its delegated powers;
- The Local Authorities will be responsible for delivering the capital works funded by Freeport seed capital and local public sector match generated through retained business rates and, for holding Landowners to account through the Landowner agreements;
- The Landowners will be responsible for delivering their individual sites in accordance with the Landowner Agreements.

The matters reserved to the founder members include but are not be limited to:

- Agreement of an Annual Delivery Plan which will set out the company business objectives and financial plan over a rolling three-year timetable, with an annual budget and annual sign-off, to deliver the Freeport strategy and vision. This is where responsibility lies for delivering the Freeport objectives;
- Appointing the Chair of the Board of Directors;
- Agreeing a scheme of delegation for the Freeport Board of Directors;
- Enforcement of the Landowner Agreements and Gateway Policy;
- Allocation of retained business rates surpluses beyond those identified in the Freeport Full Business case; and,
- Joint scrutiny of the Annual Delivery Plan.

The Member Steering Group - made up of a senior elected member and/or officer leads from each of the three Local Authority partners will be accountable for strategic direction of the Freeport and alignment with wider regeneration and other agendas such as Carbon Net Zero and the emerging County Deal. The Member Steering Group will be responsible for agreeing a scheme of delegation for the Freeport based on the flow of powers transferred from Government and Local Authority reserved matters. The Member Steering Group will receive and agree the annual delivery plan with reserved rights in relation to the financial elements as they relate to i) business rates, ii) seed capital and iii) subsidy control issues.

A Board of Directors - appointed by the founder members has the following membership:

- A private sector Chair appointed by the founder members for a three-year term;
- One director each (the Local Authority Directors) nominated by Plymouth City Council, South Hams District Council and Devon County Council and appointed by the Chair of the Board;
- One Director each (the Landowner Directors) nominated by Princess Yachts and Carlton Power as well as the landowner at Sherford and appointed by the Chair of the Board; and,
- Additional directors may be co-opted by the Board which may include a Port Operator, University and Business Organisation. Consideration of these additional Board members will be an early priority for the Board.

The Board of Directors has the freedom to operate as they see fit within the parameters set out in the scheme of delegation and other company governing documents set out below.

As highlighted in Section 4d), to ensure good governance across the PASD Freeport, we will require a business case to be developed for each investment – both public and private sector – which will be

signed off in detail by the Member Steering Group and ultimately approved through the annual business planning cycle by the Freeport Board. We will draw on the Infrastructure and Project Authority's (IPA) Gate Review Process as the basis for formally approving them but tailored to the level of maturity of the individual investment, with the Member Steering Group signing off at Gate 3. They will be informed and supported by the Local Authorities' capital programmes teams who will undertake gate reviews on an on-going basis to enable the investments to proceed at pace.

Sub-committees – reflecting the objectives for the Freeport programme set by central government and with standing membership as noted below are:

- The Trade and Investment Board;
- The Regeneration and Skills Board; and,
- The Innovation Board.

A fourth Sub-committee (Security and Compliance) with a remit to ensure compliance with all relevant contractual commitments and the management of risk, including the customs and security aspects will be chaired by the Freeport CEO. The formal cycle of meetings for the sub-committees will be quarterly, aligned with meetings of the Board of Directors. Membership will be restricted to 12 delegates and one meeting annually will be open to a wider spectrum of relevant stakeholders.

Delegation of Board Powers - within the boundaries set by the Member Steering Group in the scheme of delegation, the Board of Directors may further delegate powers to the sub-committees as it sees fit but they will include:

- Trade and Investment – with responsibility for the Trade and Investment Strategy and oversight of the Marketing, Communications and Stakeholder Engagement Plan;
- Regeneration and Skills – with responsibility for the Skills Plan;
- Innovation – with responsibility for the Innovation Strategy; and,
- Security and Compliance – with responsibility for the risk register, the security and illicit activity risk assessment and customs policies.

The Chair of the Board of Directors will set the terms of reference for the four boards taking into account the views of their members, the terms of reference will then be ratified by the Board of Directors. The members of each of the three boards will elect a Chair to act as a spokesperson.

A clear schedule of responsibilities, showing where accountability lies for the various aspects of the Freeport, the responsibilities of each party and the membership of the three Boards is shown in tabular form at page 130. In summary this includes:

- **Planning** – which is the statutory function for which the Local Authority partners are accountable. Strategic and cross boundary issues will be resolved by the Member Steering Group with reference to Freeport strategic aims and objectives. The Local Authority Directors will be responsible for liaison with the Local Planning Authorities to seek timely resolution of planning issues. The Landowner Directors, Port Operators and Customs Operator will be responsible for securing relevant permissions covering the delivery of any capital works for which they are responsible. The Chair of the Board and the Freeport CEO will be consulted about any planning proposal that has relevance to the Annual Delivery Plan. Other Board members will be kept informed as may be appropriate;
- **Innovation** – which will be delivered through collaboration between the private sector, Higher Education and other innovation specialists and supported by the Freeport Innovation Manager, Freeport Innovation Service and the Innovation Board. Accountability will sit with the Chair of the Board of Directors. The Freeport CEO will be responsible for ensuring that the innovation service is

deployed appropriately to support the collaborative effort to deliver the Innovation Strategy and the membership of the Innovation Board will ensure that all relevant partners are consulted and informed;

- **Trade and Investment promotion** – accountability will rest with the Chair of the Board. Local Authority Directors will be responsible for aligning as appropriate their Inward Investment teams and activity to support delivery. The Landowner Directors and Customs Operator will be responsible for local marketing of their own sites and collaborating with the Freeport Marketing, Trade and Investment Manager to inform international marketing of the Freeport. The Trade and Investment Board will own the Trade and Investment Strategy ensuring that all relevant parties are consulted and informed about its preparation;
- **Tax site delivery and operation** – the Local Authorities will be accountable through the Member's Agreement for the delivery of tax sites, the publicly funded infrastructure necessary to develop them. Responsibility for the delivery and operation of the sites will rest with the Landowner Directors within the parameters set out in the Landowner agreements and gateway policy. The Freeport Manager will be provided with relevant data and information about tax site delivery as may be needed to inform central government Monitoring and Evaluation requirements;
- **Customs site delivery and operation** – the Board of Directors being accountable collectively for the operation of customs sites within HMRC rules and regulations and the application of Freeport customs policies and procedures. Delivery and day to day operation of the customs sites will rest with the Customs Site Operator(s). Port Operators will be responsible for operations within their port environs and customs facilities. The Freeport manager will be responsible for ensuring that the security and illicit activity risk assessment is maintained appropriately with input from relevant security partners and for arranging an annual audit of security policies and procedures;
- **The use of retained business rates** – which is statutory function for which the Local Authority partners are accountable. Strategic decisions will be guided by the Member Steering Group with reference to Freeport strategic aims and objectives. The Local Authorities will be accountable for the use of retained business rates in accordance with the Members Agreement, the Business Rates Retention Policy and bilateral agreement between South Hams District Council and Devon County Council. The Freeport CEO will be accountable for recommending an annual delivery plan to the board which will set out any expectation in relation to the allocation of retained business rates. The Freeport Manager and Freeport Finance Manager will be responsible for the development of the plan and the Freeport Trade and Investment Manager will be responsible for ensuring that all stakeholders are consulted at an early developmental stage and kept informed of its development;
- **Regeneration and skills** – the Member Steering Group will be accountable for the strategic direction of the Freeport; this will include its alignment to wider skills and regeneration issues. The Regeneration and Skills Board will be responsible for the delivery of the Freeport Skills Plan and for ensuring relevant stakeholders are engaged. The Freeport Skills Co-ordinator will own the Skills Plan ensuring that all relevant parties are consulted and informed about its preparation;
- **Alignment with wider initiatives** – with the Member Steering Group being accountable for strategic direction in relation to wider initiatives. The Freeport Chair and CEO will ensure that the Freeport is aligned to that strategic vision and that it is reflected in the Annual Delivery Plan;
- **Stakeholder engagement** – where Chair of the Board is accountable and responsibility for delivering suitable engagement events and opportunities which will sit with the Freeport CEO and the Marketing, Trade and Investment Manager;
- **Security and compliance** – where the Board of Directors will be collectively accountable and the Freeport Manager will be responsible for ensuring that the security and illicit activity risk assessment is maintained appropriately with input from relevant security partners and for arranging the annual audit of security policies and procedures;
- **Risk Management** – where the Board of Directors will be collectively accountable. The Freeport Manager will be responsible for maintaining a central risk register and escalating any inadequately

mitigated risks to the CEO and the Board of Directors. The risk register will be regularly reviewed by the Security and Compliance Sub-committee; and,

- **Carbon Net Zero** – where we have put a plan in place which aligns strategically with the County Deal, placing responsibility with the Board and Members Steering Group with day-to-day delivery through the Freeport Manager's M&E activities.

The Freeport Company Key Governance Documents - include:

- **Memorandum and Articles of Association** - setting out the remit and roles of the Directors, a scheme of delegation and matters reserved to the founding members;
- **A Members' Agreement** – which binds the three Local Authorities to perform their functions and roles, including the disbursement of seed capital from PCC as the Accountable Body to the Local Authority Partners, their engagement with the Freeport Company based on the key principle of a partnership of equals where decision making requires unanimous agreement;
- **Landowners' Agreements** - binding the landowners to perform their functions and roles and their engagement with the Freeport Company;
- **An Annual Delivery Plan and budget** – proposed by the Freeport Company, to be agreed and signed off by the Members in accordance with their reserved matters and approved by the Board of Directors;
- **Policies and bilateral agreements** - between the Local Authorities governing the use of business rates to support borrowing and long-term operational costs, including the proportion of business rates from each collecting authority, and the mechanisms for deciding the application of surplus retained business rates and redressing displacement;
- **Partnering Agreements** – examples include Freeport Innovation Service, Port Operators and Business Organisations and Sector Clusters e.g. South West Regional Defence and Security Cluster, Oceans Futures, SW Centre of Excellence for Satellite Applications;
- **Local Authority Agreements** – where it would not be appropriate to utilise the Members Agreement e.g. between the Freeport Company and the individual Local Authorities;
- **A Standard Service Level Agreement** - to secure and fund commissioned activities from the Freeport Company to a range of partners which may include skills, inward investment, and innovation services; and,
- **Terms of Reference of the Board of Directors and Security and Compliance Sub-committee** – setting out the frequency of meetings, broader powers and responsibilities and decision-making mechanisms.

A Code of Conduct policy has also been developed for Board members, reflecting the Nolan Principles. This includes a declaration of any private interests, both pecuniary and non-pecuniary, that relate to members' Freeport duties in order to manage conflicts of interest. A register of members' interests will be published along with Board papers and minutes to ensure transparency in our decision-making.

Changes since OBC Submission - the principal change since OBC submission is the move to incorporation. We considered a range of alternative models for our Freeport entity. These included a contractual joint venture, which is a model we have used successfully before to deliver public/private initiatives on a single Local Authority basis. We considered and rejected the options of special purpose vehicle, as there was no local precedent, and various incorporated company models involving equity arrangements because we did not foresee a requirement to raise private equity. We opted for a Company Ltd by Guarantee because it is able to accommodate different categories of membership and is flexible enough to be able to accommodate change as the Freeport develops over time. Shadow Board members received counsel about the suitability of this model from our retained legal advisors Womble Bond Dickson.

Since the Full Business Case was submitted, the Shadow Board has been dissolved as the Freeport Company was established and we have:

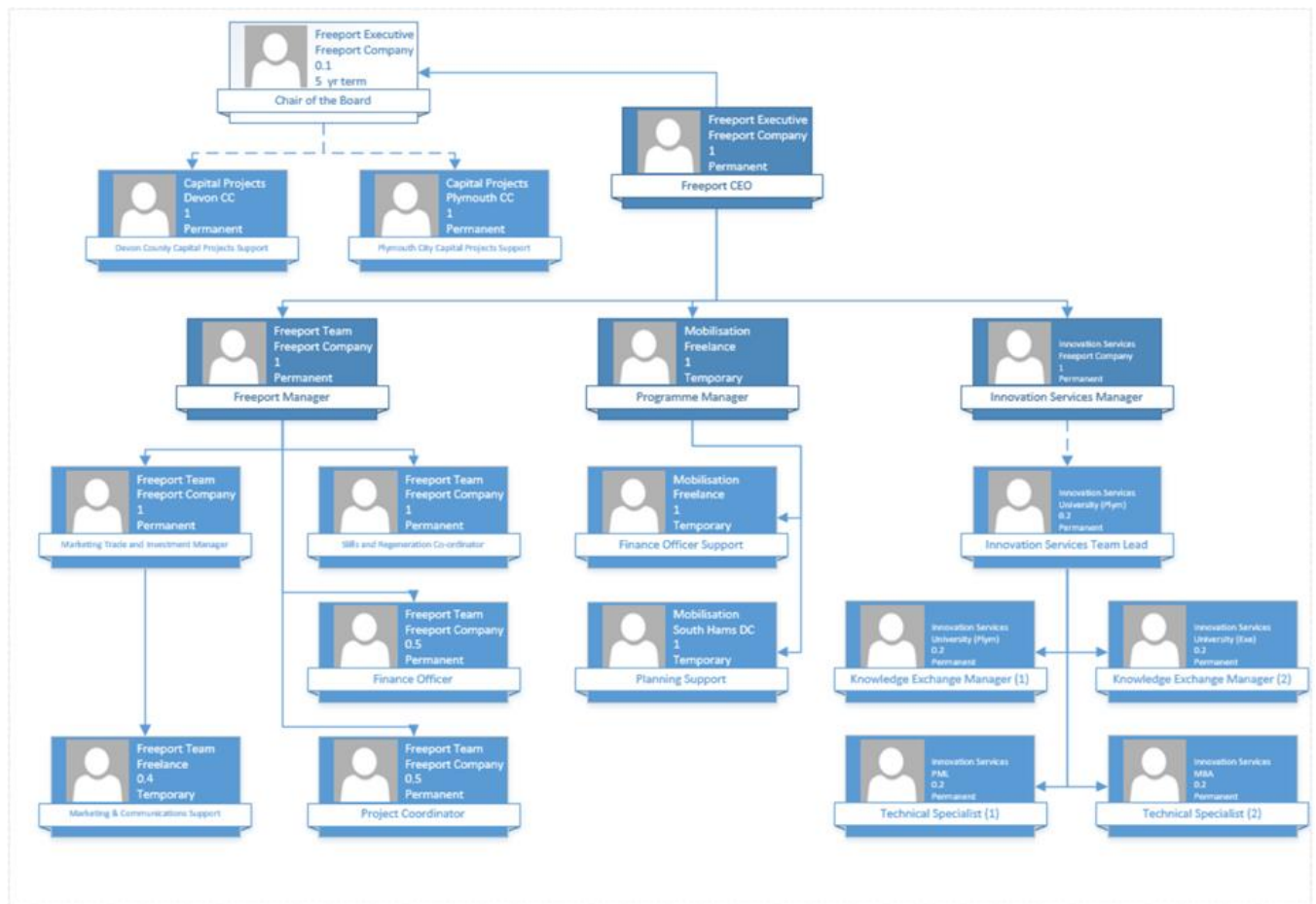
- **Created a Member Steering Group** – which consists of the founder members of the Freeport Company, represented by senior elected members and officers. Decisions will be taken by unanimous agreement of the founder members;
- **Appointed an Interim Private Sector Chair** - to ensure private sector leadership. Following a recruitment exercise a more permanent Chair will be appointed by the founder members to serve for an initial term of three years;
- **Appointed Founding Directors** – who are the partners making a substantial investment in the Freeport. These are the Local Authorities and the private sector companies making significant investments. The Board of Directors will have the power to co-opt additional members as they see fit. The Terms of Reference of the Board of Directors and the Chair of the Board are set out in the Company Articles and Memorandum of Association, with voting by simple majority.

We are also in the process of **rationalising sub-committees** - the four sub-committees of the Board of Directors are designed to rationalise the original structure which was designed as a vehicle to deliver our Full Business Case and to focus on delivery. The Programme Board and the three groups we established to report to it were always envisaged as task and finish and we are reviewing their roles to ensure that relevant on-going work streams that are within the scope and remit of the Freeport Company are translated to the appropriate subcommittee. The Innovation Board will remain but the Cross Sector Advisory group will be absorbed within the Trade and Investment Board and the stakeholder representation functions of these two groups will be embedded in our new stakeholder arrangements.

For the delivery of works - where they are funded from the public purse, they will be the responsibility of the relevant Local Authority for the area in which they occur, or, where seed capital matched with public borrowing is invested, of the relevant private sector partner. The Local Authorities will manage these programmes through their capital programmes. The delivery of tax sites will be the responsibility of the relevant landowners and their responsibilities in this regard will be set out in the landowner agreements which will have the Accountable Body, Freeport Company, relevant Local Authorities and Landowners as signatories.

5b) Team Structure

The structure of the Freeport executive/delivery team is shown overleaf.



Key areas of Responsibility – are as follows:

- **The Executive Team** - the Executive Team will be collectively responsible for the preparation of the Annual Delivery Plan for approval by the Member Steering Group and adoption by the Freeport Company Board of Directors. Individual Freeport Team members will support the Executive Team by contributing their specialist knowledge and understanding and consultancy support will be employed in developing the preliminary plan covering the first three years of operations;
- **The Chair of the Board** – will be accountable to the Member Steering Group and the Board of Directors for the delivery of the Freeport. This will include agreeing the Annual Delivery Plan, the delivery of tax and customs sites and alignment with wider strategic initiatives including Skills and Regeneration and Carbon Net Zero. The Chair of the Board will be appointed by May 2022 on a three-year term commencing on the inception of the Freeport Company;
- **The Freeport Chief Executive Officer** – will be accountable to the Chair of the Board and the Board of Directors for the operation of the Freeport, day to day management of company business and all aspects of the Annual Delivery Plan, except the delivery of tax and customs sites, and alignment with wider strategic initiatives. This will include planning as it relates to the annual delivery plan, innovation, trade and investment promotion, stakeholder engagement. The Freeport Chief Executive Officer will be recruited^{xxvi} by a panel of representatives of the Freeport Founding Members and the Chair of the Board by July 2022;
- **The Freeport Manager** – will be responsible for all security and compliance issues, including; maintenance of the risk registers, monitoring, evaluation and reporting requirements, and those relating to carbon net zero, and customs site operations. Prior to our customs sites at Langage and Sherford coming on line the Freeport Manager is tasked with oversight of the procurement of a

suitable long-term Customs Operator. The Freeport Team Manager is responsible for the Security and Compliance subcommittee, for managing the Freeport team and for deputising for the Freeport CEO as may be required from time to time. The Freeport Manager will be recruited by the Freeport CEO and a suitable panel by early August 2022;

- **The Innovation Manager** - will be responsible for the implementation and delivery of the Freeport Innovation Strategy and relevant aspects of Oceansgate business plan as it relates to the Innovation Centre. Through a partnering agreement they will work with Innovation Services Lead employed by the University to identify funding to support the delivery of the Freeport Innovation Strategy and for working with all innovation partners, the three focus clusters and their wider innovation programmes, to develop a holistic package of support for businesses and stakeholders. The Innovation Manager is responsible for the Innovation Board and for ensuring that innovation is effectively embedded in the Freeport annual delivery plan and this will include an audit of requirements to be raised through the FREN network. The Innovation Manager will be recruited by the Freeport CEO and a suitable panel by early August 2022;
- **The Programme Manager** – will be responsible for on-going Freeport mobilisation and for liaison across the partners to ensure that programme activities are co-ordinated and delivered in accordance with the Freeport Delivery plan. This will include close liaison with the Plymouth City Council and Devon County Council capital projects teams in relation to infrastructure delivery, and with the Landowner Directors and Customs Site operator in relation to their delivery of Tax and Customs sites. Temporary staff will be appointed by the Freeport CEO in accordance with Plymouth City Council's recruitment and selection procedures as they apply to temporary and agency staff by early June 2022;
- **The Freeport Team** - all posts in the Freeport team will be appointed by a panel consisting of the CEO, Freeport Team Manager and Freeport Innovation Manager in accordance with Plymouth City Council's recruitment and selection procedures in August 2022;
- **The Skills and Regeneration Co-ordinator** – may be an individual or a service secured under a Service Level Agreement from one of the three Local Authority partners and will be responsible for the implementation and delivery of the Skills Plan and for working with employers and skills providers to ensure that Freeport labour supply requirements can be met locally as far as is possible. The Skills and Regeneration Co-ordinator will Chair the Skills and Regeneration Board and will be responsible for ensuring that workforce development is embedded in the Freeport Delivery Plan;
- **The Marketing, Trade and Investment Manager** - will be responsible for the implementation and delivery of the Trade and Investment Strategy and accountable for the marketing budget. A proportion of the budget is currently allocated to secure additional freelance marketing support, going forward this will be deployed to create unique company branding and to support international marketing. They will work closely with the Department of International Trade, and the Local Authority personnel and other stakeholders identified in the strategy;
- **The Finance Manager** - will be responsible for accountancy and financial work required to support the Freeport Company. In the mobilisation phase they will work closely with the Freeport Team manager and Finance Support Officer from the mobilisation team to validate aspects of the wider Freeport mobilisation programme that impact on the Freeport company accounts. They will be responsible for establishing suitable financial systems to support transactions and to account for income and expenditure and for making arrangements for payroll and other financial functions to be delivered. They will be responsible for financial aspects of the Annual Delivery Plan including the proposed allocation of surplus business rates and grant income to support delivery and the production of financial reports;
- **The Project Co-ordinator** - will be responsible for business administration functions and maintaining non-financial company records. In the mobilisation phase they will work closely with the Freeport Team manager and Programme Manager to co-ordinate Freeport Team inputs to the wider Freeport programme. They will also be responsible for organising and maintaining

appropriate records of all formal Freeport company meetings. This will include arranging meetings, agreeing agendas with the relevant team lead and ensuring that relevant papers are distributed in good time;

- **Innovation Services - the Freeport Innovation Services Team** - will support the Innovation Manager to deliver Freeport Innovation Functions including the Innovation Strategy. This relationship will be governed by a partnering agreement with the Universities of Plymouth and Exeter, Plymouth Marine Laboratory and the Marine Biological Association. It is expected that this team will evolve over time as set out in the Innovation Strategy the longer term the Freeport Innovation Service will be co-located in the Marine Innovation Centre. In the early stages the Service will be supported through the partnering agreement which will secure the services of an Innovation Services Team Leader, two Knowledge Exchange Managers and two Technical Specialists. Initially these roles will be part time with an expectation that they will develop into fulltime roles as funding is secured;
- **The Local Authority Capital Project Teams** – will provide highly skilled and experienced project management and client staff. Project management can be done by contracted in professional staff or in house by either local authority or partner staff. These staff will liaise closely with the Programme Manager and Finance Support Officer in the mobilisation phase, ensure that the Chair of the Board and CEO of the Freeport company have early sight of business cases for seed capital development and that the Freeport Manager is supplied with relevant monitoring information in relation to the Annual Delivery Plan;
- **Landowners** - will be responsible for delivering their own sites and this will be governed by the landowner agreements we have negotiated with them, responsibility for enforcement of these agreements sits with the relevant Local Authority partners and the Member Steering Group; and,
- **The Customs Site Operator function** - will initially be provided through a partnering agreement, this function will be distributed across a number of their personnel aligned to roles they are already employed to provide. As our programme develops and additional customs sites come on line it will be the responsibility of the Freeport Manager to procure a suitable long-term operator. We anticipate the facilities will be developed by 2024 and we will aim to complete the procurement process in good time ahead of that programme level milestone.

We are confident that the governance and team structures as set out above will enable us to mobilise the Freeport to meet DLUHC timelines and move forward with delivery at pace.

5c) Stakeholder Management and Communications

It is imperative to the success of the Plymouth and South Devon Freeport that we communicate, engage, include and work with identified key stakeholders at every stage of this journey. Our Communications and Engagement Strategy is described below.

Strategic Stakeholders - as the Freeport begins to draw investment and becomes increasingly occupied by complementary international businesses we anticipate a range of symbiotic relationships, clustering benefits and global hub partnerships to form. We will ensure effective feedback loops are in place to facilitate a two-way flow of information with and between major new investors by providing direct access to relevant leads within the Freeport Development Team. We will invite new strategic stakeholders, e.g. major companies moving into our tax and customs sites, to join the Trade and Investment Board.

Innovation Stakeholders - we will create an Innovation Board that will report to the Board of Directors. It will include key local and national innovation stakeholders who will oversee the Freeport innovation programme and help access innovation funding and identify innovation gaps and opportunities. Proposed members would include the Universities of Plymouth and Exeter, representatives from business; the public sector (Plymouth City Council, Maritime and Coastguard

Agency and Heart of the South West Local Enterprise Partnership); and, industry networks (Maritime UK South West and Spaceport Cornwall).

Political Stakeholders - the Freeport area covers multiple parliamentary and local authority electoral wards spans three council designations and therefore a number of political stakeholders (MPs and Local Councillors) have been identified cross party. We will ensure when we communicate and engage with this stakeholder group that the following potential local political issues and concerns are addressed including:

- Ensuring this group understand and acknowledge the advantageous tax and customs regime that the Plymouth and South Devon Freeport will afford to businesses;
- Ensuring that the measures we are taking to prevent the displacement of existing business are clearly communicated;
- Addressing concerns about dilution of labour and environmental protections;
- Focussing on 'merit goods' for constituents;
- Highlighting the harmonisation of production with broader political aims; and,
- Reiterating the high impacts on infrastructure and training within the constituency and wider area.

Security Stakeholders - through our communications and engagement with site security personnel, tenants and operators we will ensure that best practices in physical and digital security are embedded into the bedrock of the Freeport. We will ensure that all the businesses that trade within it are aware of the importance of monitoring movements, the integrity of security operations and the potential impact of threats identified in our security and illicit activity risk assessment.

Education and Skills Stakeholders - our Regeneration and Skills Board will be charged with the development and monitoring of our Skills Plan and ensuring that it delivers an increased supply of STEM qualified individuals whilst promoting inclusive growth and opportunities for people from disadvantaged groups. Members will include Plymouth City Council, Devon County Council, local and national training providers and industry representatives including resident enterprises. Trade Union representatives will also be invited to join this group.

Prospective Investors - stakeholder engagement with prospective investors will be initiated and maintained through account management by the Marketing, Trade and Investment Manager supported as may be appropriate by the Freeport CEO and Freeport Manager and maintained through account management by Local Authority Inward Investment teams (see Section 1dii). We will target UK and international businesses proactively brokering relevant relationships, to ensure that overseas investment provides opportunities for supply chain growth in Plymouth and the wider regional economy. We will work closely with the DIT to maximise opportunities as well as creating a network of agents and ambassadors and a Freeport Expert Consultation Service to help businesses understand how they can benefit from the Freeport.

Marketing the Opportunities and Benefits - we will:

- Commission a brand and design agency to create a dedicated brand identity for the Freeport Company for agreement by the Freeport Board of Directors – *Apr - Aug 2022*;
- Commission digital and physical marketing assets to include a website, social media channels and printed brochure to market the Freeport to UK and international trade and potential investors – on agreement of the Freeport logo/brand and then on-going - to be in circulation by Aug 2022;
- Determine a suitable stakeholder communications and engagement mechanism/system is in place. This may be achieved by working with, or combining, existing partner databases (ensuring GDPR compliance) – *from April 2022 and on-going*;

- Commission a PR Agency which specialises in international business and FDI to develop a PR strategy for agreement by the Freeport Board of Directors – *from August 2022 and on-going*;
- Attend relevant events, expos and trade shows to market our Freeport to potential investors – *April 2022 onwards*; and,
- Engage with local, regional, national and international press and trade journals to write editorial content about the Plymouth and South Devon Freeport and ensure these contacts are kept updated with tenant news, case studies and business successes – *on-going*.

5d) Building Local Expertise

This Management Case has set out how we will deliver the Freeport opportunity through the appointment of an appropriately resourced core team, supported by wider delivery partners and underpinned by a governance structure that ensures all interests are appropriately represented and harnessed to maximise the benefits. We are committed to building long term capacity and capability within this structure, investing in our people to achieve the best outcomes through, for example, appropriate staff induction, regular constructive performance review and maximising personal development opportunities. We have already identified the need for training in a range of areas. For example, Board members will be required to attend diversity workshops. They will also need training and development to understand Company obligation to abide by HMRC rules around customs authorisation and security audits. We will embed a culture of reflection, learning from each other and from elsewhere, including other Freeports, to support continuous improvement.

We are also aware that whilst some areas of work, such as the skills and innovation activities will be steered by the Regeneration and Skills Board and Innovation Board, they may be delivered by others. These will be priority areas for surpluses of retained business rates and we are developing plans to facilitate those.

Our Innovation Strategy will guide and develop our innovation activities, including the evolution of the Innovation Services Team, innovation bids will be made to a variety of funding streams including UKRI; IUK; Horizon Europe; the Shared Prosperity Fund etc which may be delivered by any number of partners and we will look to recover Innovation Services Team costs by including a proportion in our other bids. Innovation activity will also be developed organically through HE/industry collaborations and through the County Deal. It will be the role of the Freeport to facilitate and nurture these relationships in support of our core objectives. Our three clusters represent our hotbed of innovation platform and the innovation resource in the Freeport team is to design, co-ordinate and invigorate R&D in these clusters.

We have set out our request for revenue funding in the Financial Case for our core activities. This is based upon our assessment that it will take three to four years before occupancy on the tax sites will cover the anticipated costs, meaning that short to medium term revenue support is essential. If further direct Freeport revenue funding is not available in 2022/23 to 2024/25, options are to:

- Seek alternative sources of funding to meet the costs - i.e. through redeployment of existing resources (which may or may not be possible) or other funding streams such as the UK Shared Prosperity Fund; or,
- Review the model to see what impact costs savings will have on the long-term viability of the Freeport i.e. run a series of scenarios to understand the impact on break even status.

Neither of these options are without significant risk and must involve an active and on-going dialogue with UK Government to ensure that we do not lose the clear benefits of this proposal.

5e) Milestones

A high-level summary of key delivery milestones for each aspect of the proposal, including planned start and finish dates and interdependencies is shown in Table Forty-three. This section has significantly expanded since we submitted our Outline Business Case as we have firmed up our delivery plans and now includes specific milestones relating to our delivery of tax sites and wider infrastructure despite the slight movement in the timetable for FBC submission we remain on track with the predicted timelines we set in our Outline Business Case.

Table Forty-three: Milestones

Milestone	Start Date	Complete By
Mobilisation Elements		
FBC approval	31/08/2022	31/08/2022
Statutory Instrument (S.I.) laid + Tax Site maps published	10/05/2022	Completed
Recruitment of interim Freeport Ltd Co Board Chair	02/05/2022	Completed
Recruitment of permanent Freeport Ltd Co Board Chair	04/07/2022	31/11/2022
Formal incorporation of new PASD Freeport Ltd Co	23/05/2022	Completed
MoUs with DLUHC (Accountable Body and Governing Body)	01/09/2022	31/10/2022
Activation of at least 1 Tax Site	06/06/2022	Completed
Freeport formally designated	07/06/2022	Completed
Recruitment of Freeport Ltd Co Board members	16/05/2022	Completed
Recruitment of interim Freeport CEX	10/06/2022	25/07/2022
Recruitment of permanent Freeport CEX	04/07/2022	31/12/2022
Recruitment of interim key senior Freeport staff and Third-Party Providers	20/06/2022	31/10/2022
Recruitment of permanent key senior Freeport staff and Third-Party Providers	04/01/2023	31/03/2023
South Yard Elements		
Oceansgate (Mobility Hub, Innovation Centre, Heritage Centre and MOD Cabling) advance works (procurement, site investigations & surveys, design development and planning)	04/07/2022	13/03/2023
Oceansgate construction period (inc. seed capital works)	01/06/2023	06/03/2025
Oceansgate occupation starts (phased during construction)	02/01/2025	02/01/2025
Princess Yachts new factory advance works	04/04/2022	20/01/2023
Princess Yachts new factory construction	23/01/2023	03/06/2024
Princess Yachts new factory go live date	15/07/2024	15/07/2024
South Yard redevelopments - mobilisation	01/04/2024	01/04/2025
South Yard redevelopments – occupation	01/04/2025	01/04/2025
Langage Elements		
Langage advance works: land acquisition (commenced already)	29/03/2022	31/08/2022
Langage road and core infrastructure advance works (Customs site): (procurement, site investigations & surveys, design development and planning)	04/07/2022	01/07/2023
Langage Phase 1a and 1b – roads and core infrastructure construction (with on-going advanced works)	01/07/2023	09/10/2025
Site occupation – as plots become accessible and built out by private sector	01/04/2024	01/04/2024
Pedestrian/cycle bridge: advance works	01/11/2022	01/05/2024
Pedestrian/cycle bridge: construction	01/05/2024	01/03/2025
Green Hydrogen Electrolyser comes online	01/04/2025	01/04/2025
Sandy Road link improvements start	01/01/2027	01/01/2027
Sherford Elements		
Sherford advance works (procurement, site investigations & surveys, design development and planning)	23/03/2022	26/07/2022
Sherford enabling works – road and core infrastructure construction	27/07/2022	03/04/2023
Sherford - logistics capability construction period	08/02/2023	01/10/2024
Site occupation starts	01/10/2024	01/10/2024
Sherford offsite mobilisation works	01/10/2025	01/10/2026
Burrington Way (Customs Site Elements – subject to agreement of CSO provisions)		
HMRC FPT1 form complete	10/01/2022	Complete
HMRC CFSS form complete	11/02/2022	Complete
Security infrastructure works complete	02/05/2022	Complete
Initial queries on CSO and site assessment process	13/06/2022	Complete
Full assessment	23/05/2022	In progress
Site activated	12/09/2022	Within 12 months of designation

Milestone	Start Date	Complete By
Non-tax Site Elements		
Port advance works: (design, ground investigations, contractor procurement)	01/04/2022	01/05/2023
Port construction works	01/05/2023	01/02/2024
Octagon roundabout advance works	07/06/2022	31/10/2022
Octagon roundabout construction works	01/11/2022	31/03/2023
Strategic Elements		
Trade and Investment Planning complete	30/06/2022	30/06/2022
Delivery of trade and investment activities starts	01/08/2022	On-going
Commission a branding and design agency	20/06/2022	01/08/2022
Digital and physical assets to be in circulation	31/08/2022	30/09/2022

5f) Risk Management

Our Risk Management processes are fully aligned with and integrated into Plymouth City Council's Risk and Opportunity Management Strategy which is based on the 'three lines of defence' model. Risks and opportunities are recorded in a structured format, covering, cause, event and effect in order to scope a risk or opportunity which involves systematically identifying the probability of an event occurring (likelihood) and the potential outcome of the consequence should such an event occur (severity). Each risk has a unique reference and category along with an 'owner.' Our risk scoring scheme is as follows: likelihood (1-5) x severity (1-5 using the highest rating of quality / cost / time). Each risk is then assigned a RAG rating (where over 16 is high; 8-15 is medium; and under 7 is low). The RAG rating is applied to both pre-and post- mitigation stages (shown diagrammatically on page 96). The risk register is reviewed on a monthly basis by the Freeport Manager and shared for further review and scrutiny at the Security and Compliance Subcommittee. Section 5g below covers our approach to security and illicit risk assessment specifically. The most significant post mitigated risks are shown in Table Forty-four.

Table Forty-four: Top Post Mitigated Risks, PESTEL Framework

Risk		Mitigation	Post-mitigation Score
Political	The CPO process (if required) for Langage does not have political support	Continuous political engagement at SHDC to garner support	10
Economic	Unexpected/increasing costs require additional funds to be secured or plans to be scaled back	Sensitivity testing on variables	12
Socio-cultural	Loss of key personnel, sickness or absence impacts programme delivery	Avoid too many single points of failure and look after our key human resource assets. Succession planning. Ensure workloads are not excessive. Compensate appropriately. Good programme management and regular resource reviews	9
Technical	Local mains services infrastructure unable to accommodate increased demand	Feasibility work to assess wider infrastructure issues in collaboration with key stakeholders	9
Environmental	National Highways stop further planning at any site transport infrastructure is improved	50,000m2 of employment space is consented and available for uptake at Langage and about 7.9 Ha of space will become available at Sherford. Work collaboratively with National Highways as part of the Infrastructure Board to develop solutions and phasing	12
Legal	State subsidy framework could inhibit use of seed capital	Agreement reached with DLUHC that seed capital can be reallocated subject to a project change request. Legal advice suggests we need to carry out point by point review (7 principles) as this will provide best defence to challenge, demonstrating that public interest outweighs market distortion	16

5g) Security and Illicit Activity

The geographical frame of reference for the management of security and illicit activity will be the Freeport Outer Boundary and a potential temporary customs site at Burrington Way in Plymouth. We are committed to adhering to the OECD Code of Conduct for Clean Free Trade Zones, upholding anti-money laundering protocols and registering with a Government-approved supervisory authority to follow anti-money laundering regulations. We will ensure this commitment extends to our customs site operators through our contractual arrangements. Our draft policy statement for customs and security sets out:

- The Policy and Control Landscape of the PASD Freeport;
- A general framework of Tenants' and Operators' Compliance and Accountability Obligation Areas; and,
- The scope of operations and procedures that are specific to each tenant and operator, which will need to be developed on a case-by-case basis.

Our security and illicit activity risk assessment is led by our Security and Compliance Sub-committee. Following a briefing by DLUHC in January 2022, the first meeting with local security stakeholders was convened in February 2022 where they were briefed on the Freeport and their required input to the security and illicit activity risk assessment. A clear system has been put in place for knowledge management between local and national security organisations and the Local Authorities.

We have developed our Security and Illicit risk assessment activity in partnership with the following:

Local and national police service	Office of Security and Counter	Home Office
National CBRN Centre	Terrorism	National Cyber Security Centre
The Marine and Coastguard Agency	Department for Transport	HMRC
National Crime Agency	Financial Conduct Authority	GCHQ
Serious Fraud Office	HMT	
	Border Force	

The Freeport Manager will be responsible for convening future meetings to review our security and illicit activity risk assessment and for commissioning an annual audit of security measures in place, including any breaches. Meetings will include personnel drawn from the following organisations:

Plymouth City Council	South Hams District Council	Devon County Council
Devon and Cornwall Constabulary	MOD(N) Police	Queens Harbour Master
Port Operators	Plymouth Port Health Authority	Ambulance Service
Tax and Customs Sites Operators	Fire & Rescue Service	Local Resilience Forum
Freeport Commercial Operators	Private Security Contractors	Department for Transport
Heart of the SW Trading Standards	Devon Audit Partnership – Counter	HMRC
National Crime Agency	Fraud Service	HMT
UK Border Force		

The first customs site to be authorised is proposed at the Burrington Way site in Plymouth. The intended owner operator will have exclusive use of the site and is currently undergoing the process with HMRC to potentially assume the role of authorised Freeport Customs Site Operator, to satisfy HMRC that processes are in place to manage risk; and, for the overall control of customs goods. The key security and illicit activity risks associated with the Freeport are shown in Table Forty-five setting out our most significant new and existing risks. The existing CBRN risks are well understood and controlled. The SW CBRNE framework is next due for review in April 2024. Emergency Plans are kept under regular review. Cattedown is being reviewed and will be republished in December. Devonport will be exercised between May and September 2022. Our understanding of the risk of terrorist attack has recently expanded to include recognition of the threat from INCEL groups and we will be reviewing our Prevent and 3Ps strategic approach to incorporate learning from the Keyham shooting incident.

We have well developed emergency plans to cope with public disorder. We are working closely with local security stakeholders to better understand the threat posed by organised crime.

Table Forty-five: Security and Illicit Activity Risks

Threat/Risk	Lead Agency/Stakeholder	RAG Rating	Mitigation	Residual Risk
CBRN: The malicious use of Chemical, Biological, Radiological and Nuclear materials or weapons with the intention to cause significant harm or disruption	Senior Emergency Planning Officer/Devon County Council/Freeport Security and Compliance Sub-committee	16	South West CBRNE framework agreed 30/09/2022 plan covers strategic and tactical guidance for response to CBRNE incidents across the SW region. Specific emergency plans for Devonport Site, Defence Munitions at Ernesettle and the oil Terminals at Cattedown. High Pressure gas pipes carrying natural gas covered by relevant emergency plan reviewed and adopted by Devon County Council in September 2021. The processes set out in our policy statement for customs and security will apply to the Freeport/ custom buildings limiting the ability for a malicious attack to occur. Should a gamma or neutron source be found at a Freeport premises then Border Force with others would need to track back to identify the origin and establish how it managed to escape existing monitoring portals	4
Terrorist Attack	Devon and Cornwall Police Counter Terrorism Lead/ Safer Plymouth and Safer Devon/Freeport Security and Compliance Sub-committee	14	Plymouth City Council contributes to the regional Contest board as may be required. The 3Ps national counter terrorism programme is implemented locally through emergency plans covering key establishments, including the HM Naval Base (Prepare). The Local Crime and Disorder Reduction Partnerships covering Plymouth and Devon have Prevent Strategies in place in accordance with national guidance. Our Counter Terrorism Local Profile published 20th July 2022 has identified a need to give greater emphasis to the Protect theme e.g. hostile vehicle measures	3.5
Public Disorder & Domestic Extremism	Devon and Cornwall Police/Local Resilience Forum and the Crime and Disorder Reduction Partnerships covering the Freeport Area (i.e. Safer Devon/Safer Plymouth and South Devon and Dartmoor Local Community Safety Partnership)/Freeport Security and Compliance Sub-committee	9	The Local Crime and Disorder Reduction Partnerships covering Plymouth and Devon have Prevent Strategies in place in accordance with national guidance. Plymouth City Council's Civil Protection Service maintains specific external and off-site emergency plans for key locations in the city. The service is also responsible for supporting partner agencies responding to major incidents in the city. The civil protection service works in partnership with Devon and Cornwall Police, supporting intelligence led responses to groups likely to engage in public disorder. Where appropriate, wider incident response can be coordinated through arrangements supported by the Devon Cornwall and Isles of Scilly Local Resilience Forum	4.5

5h) Monitoring and Evaluation

We understand that DLUHC has recently procured an evaluation provider, Arup, to assist in developing the Freeports Monitoring and Evaluation (M&E) programme and they will be responsible for designing and carrying out the programme-level M&E. We are fully committed to working with the provider to

collect baseline data prior to the Freeport becoming operational and to provide on-going data and information in the format that is required thereafter to support:

- The national assessment of progress against core policy objectives and KPIs;
- A rigorous impact evaluation; and,
- A theory-based evaluation to understand why and how the policy has led to impacts.

We are aware of the obligation to formally report twice yearly on a list of KPIs and will engage with the procured provider to identify a suitable set of indicators. We are committed to supplying this report in the required template alongside our biannual update. Given that the requirement will necessitate the collection of data from end users, including businesses operating within the sites, we will set up GDPR compliant data sharing agreements between all relevant parties and these will specify the data to be shared with HMG and the evaluation provider for M&E purposes.

Reflecting our Gateway Policy, robust data and information will be gathered from businesses at the outset through the eligibility assessment process that will be conducted prior to them landing in the Freeport. Businesses will then be required to supply data on key activities and outcomes on an on-going basis, with details to be determined once the national requirements have been agreed.

On a day-to-day basis the Freeport Manager will have responsibility for project monitoring and will work with the relevant account managers to obtain information from the businesses. The Freeport Manager will report into the Freeport Board Security and Compliance Sub-committee who will have overall responsibility for M&E across the Freeport.

In addition to the above, we will commission an external evaluation partner to:

- Ensure that we are optimising our core monitoring processes;
- Provide an external perspective on our delivery; and,
- Support continuous improvement and capture key learning.

Their initial task will be to develop a bespoke M&E Framework for the Freeport that reflects both the national requirements and local evaluation aspirations. In accordance with good practice, this will be centred around the logic chain and will be underpinned by either a theory-based or counterfactual approach. The evaluation methods are likely to include:

- Analysis of the core monitoring data – to report on the Freeport’s overall progress towards output and spend profiles and to understand the relationship between inputs and results. The analysis will provide both gross and net assessments after additionality adjustments have been accounted for;
- Analysis of local economic indicators - in order to understand the impact on measurable outcomes for the area over time;
- Business surveys - in order to understand both the soft and hard benefits arising from the Freeport levers for businesses locating within our tax and customs sites. This will also help us to capture the effects for supply chains as well as local displacement;
- Case studies – in order to provide qualitative insights into how and why the benefits are achieved and what (if anything) could strengthen them further. Case studies will also add value to our marketing endeavours;
- Stakeholder interviews – in order to understand the wider impacts for the region, including for the levelling up agenda across the far South West; and,
- Workshops with delivery partners – in order to understand what is working well and/or could be improved to support continuous improvement and learning.

Supporting Table for Section 1e) - Outputs and Outcomes

Activity	Outputs	Definition	Volume	Achieved by	Added Value	Addressing/ Enhancing	Complementing	Geographic coverage	Outcomes	Government Priorities
Sites and infrastructure Land remediation and supporting transport infrastructure to develop our capacity expansion sites	<ul style="list-style-type: none"> Hectares of land developed Private sector investment in building and development 	Utilising undeveloped land at Langage, Sherford and South Yard through building on sites	88.3 ha £249.67m based on modelling	Freeport Levers	All additional to existing activity All additional	<ul style="list-style-type: none"> Addressing lack of space in and around the Port Unlocking investment 	Port activity and trade & investment outputs	48.5 ha at Langage 7.9 ha at Sherford 31.9 ha at South Yard	<ul style="list-style-type: none"> Improved regional connectivity Increase in investment (domestic and FDI) Increase in number of businesses exporting Increase in employment and economic activity rates Increase in economic specialisation Increase in trade throughput Increase in short sea shipping Reduction in freight transport emissions 	Developing a National Hub for trade and investment AND Promoting regeneration & job creation
Inward investment and exporting Working with DIT on national and global strategic marketing to attract investment and stimulate exporting through the DIT Export Academy	Businesses trading through the Freeport New FDI attracted New jobs created	Through the use / take up of Freeport trade incentives Including overseas and indigenous foreign owned businesses Jobs created and unlocked by tax sites by occupants	20 by 2026 8 by 2026 3,584	Freeport Levers	All additional to existing activity All additional to existing activity 2,093 direct net additional (excluding indirect)	<ul style="list-style-type: none"> Enhancing current FDI activity Addressing low number of exporters 	Port activity and capacity expansion outputs	Across Freeport geography with positive spillover effects beyond		
Port enhancements Enhancing Port infrastructure, strengthening the Pier and crane to enable containers to be lifted, supporting Short Sea Shipping and associated modal shift	Increase in value/tonnage of cargo through Port and increase in cargo (tonnes) arriving from other UK ports	% uplift by 2046	TBC – to align with national Freeport M&E	Freeport Levers AND project pipeline	Partial, wider economic factors will also drive trends	<ul style="list-style-type: none"> Addressing need for improved facilities to improve cargo handling and contributing to net zero 	Capacity expansion site and trade & investment outputs	Port of Plymouth		

Activity	Outputs	Definition	Volume	Achieved by	Added Value	Addressing/ Enhancing	Complementing	Geographic coverage	Outcomes	Government Priorities
Skills <ul style="list-style-type: none"> Implementation of our Skills Plan to deliver: work readiness activity; up-skilling people for hard-to-fill vacancies; working with employers to provide technical training/apprentices; working with universities to develop higher-level skills Development of a marine skills academy (subject to securing £8m) 	People up-skilled	People gaining qualifications at levels 2,3, 4-5 and 6+	Approx 50 a year	Wider interventions	All additional	Expected skills shortage vacancies	Employment and growth outputs. Aligned with innovation	Freeport and TTWA	<ul style="list-style-type: none"> Increase in employment Increase in average F/T earnings (from sector specific growth) Decrease in deprivation Enhanced skills facilities 	Promoting regeneration & job creation
	Unemployed/ inactive people gaining employment	Inactive claimants returning to work	10% of all jobs	Freeport levers	All additional	Expected skills shortage vacancies	Employment and growth outputs	Freeport and TTWA		
	SqM of skills infrastructure (Marine Skills Academy)	Built or refurbished	Approx. 3,000 SqM	Wider interventions	Filling gaps in existing marine offer	Addressing marine training capacity shortfalls	Employment and growth outputs. Aligned with innovation	Freeport and TTWA (and beyond – wider SW)		
	Delivery of trained workforce in marine skills across FE and HE (associated with Marine Skills Academy)	No. of people upskilled	300-500 learners per year, 10% from disadvantaged groups	Wider interventions	All additional	Expected skills shortage vacancies	Employment and growth outputs. Aligned with innovation	Freeport and TTWA		
Innovation <ul style="list-style-type: none"> Development of an Innovation Centre and Mobility Hub Implementation of our research and innovation strategy with facilitated networking and an enhanced business engagement 	New innovation space	Sq m floor space	2,400 SqM	Freeport Levers	Additional	Delivering crucial innovation space	Employment and growth outputs	South Yard	<ul style="list-style-type: none"> Increase in R&D spend Boosting GVA Increase in productivity Net zero contribution Extension of regional, 	Creating hotbeds for innovation
	Business diagnostics	Signed innovation diagnostics	160	Wider interventions	Additional	Addressing:	Skills alignment	Freeport		
	R&D Investment	Private sector investment in R&D	£16m	Wider interventions	Additional	<ul style="list-style-type: none"> Low levels of R&D Low levels of productivity 	Trade and investment	Freeport		
	New technologies/ prototypes	No of patents filed No. of new to market products No of new to firm products	8 20 40	Wider interventions	Additional	Enhancing our Ocean Futures programme Supporting business clustering	Trade and investment	Freeport		

Activity	Outputs	Definition	Volume	Achieved by	Added Value	Addressing/ Enhancing	Complementing	Geographic coverage	Outcomes	Government Priorities
service, focusing on clean growth (subject to securing £1m complementary investment)	Collaborative business/academic projects	Signed project MOUs KTPs Industrial PhDs Large-scale JIPs/industry consortia	48 (of which) 8 8 8	Wider interventions	Additional		Skills alignment	Freeport and HEIs	national and international networks	
	Student placements	No. graduate and post graduates undertaking business placements	10	Wider interventions	Additional		Skills alignment	Freeport		
	Funded collaborative R&D projects	No. national grant applications awarded	8	Wider interventions	Additional		Skills alignment	Freeport and National		

Supporting Table for Section 5a) – Governance – Schedule of Delegation

Board/Sub Committee	Board Level Accountability	Freeport Team Lead	Relevant Governing instrument(s)	DLUHC Functions	Responsible for:	Standing Membership
Member Steering Group Meeting biannually to agree the delivery plan and biannual reporting to government	Chair of the Board	CEO	Member agreements Landowner agreements Other Local Authority Agreements covering reserved matters Scheme of Delegation	Alignment with wider initiatives, e.g. Skills and Regeneration & Carbon Net Zero	Agreeing the annual delivery plan and bi annual reports to government	Senior elected member and/or officer leads
Freeport Board of Directors Meeting quarterly to transact company business, one of these meetings will be designated as the Annual General Meeting	All Directors	CEO	Articles and Memorandum of Association incorporating terms of reference for the board of directors Scheme of delegation	All DLUHC required functions except as reserved or delegated to specific directors below	Implementing the Annual Delivery Plan	Private Sector Chair LA Directors Landowner Directors
Private Sector Chair Appointed by the founder members by mutual agreement	Chair of the Board	CEO	Articles and Memorandum of Association incorporating terms of reference for the Chair of the Board	Innovation Skills and Regeneration Investment and Trade	Accountable to the Freeport Steering Group for the Freeport delivery plan	Private Sector Chair LA Directors Landowner Directors
Founding Directors (one each nominated by the founding members and appointed by the Chair of the Board)	Local Authority Directors	CEO	Articles and Memorandum of Association Member Agreement	Planning (Reserved) Retained Business Rates (Reserved) Infrastructure Delivery	Agreement of LA reserved matters	
	Landowner Directors	CEO	Articles and Memorandum of Association Landowner Agreements	Tax site delivery and operation	Delivery and operation of tax sites	
Other Directors	Ordinary Directors	CEO	Articles and Memorandum of Association	N/A	As may be agreed by the Board of Directors at the time of appointment	May be co-opted by the board as required early consideration will be given to a port operator, innovation lead and business organisation
Innovation Board	Chair of the Board	Innovation Service Manager	Terms of reference agreed by Chair of the Board and ratified by the Board of Directors	Innovation Strategy	Delivery of the Innovation Strategy and alignment with wider initiatives	University of Plymouth, University of Exeter, Plymouth Marine Laboratory, Innovation Delivery Partners, Project Coordinator

Board/Sub Committee	Board Level Accountability	Freeport Team Lead	Relevant Governing instrument(s)	DLUHC Functions	Responsible for:	Standing Membership
Skills and Regeneration Board	Chair of the Board	Skills Coordinator	Terms of reference agreed by Chair of the Board and ratified by the Board of Directors	Skills Plan	Delivery of the Skills Plan and alignment with wider initiatives	Trade and Investment Manager, Project Co-ordinator, City College Plymouth, South Devon College, Universities of Plymouth and Exeter, Devon and Plymouth Chamber of Commerce, Princess Yachts on behalf of the Employment and Skills Board Department for Work and Pensions Cornwall and Devon Training Providers Network, SW Regional TUC
Investment and Trade Board	Chair of the Board	Marketing, Trade and Investment Manager	Terms of reference agreed by Chair of the Board and ratified by the Board of Directors	Trade and Investment Strategy	Delivery of Trade and Investment Strategy and alignment with wider initiatives Oversight of Marketing, Communications and Stakeholder Engagement Strategy	Marketing, Trade and Investment Manager, Project Coordinator, Department for International Trade Southern Region, Devon and Plymouth Chamber of Commerce, Heart of the South West LEP, South West Manufacturing Advisory Service, Ocean Futures, South West Regional Defence Cluster, Space Port Cornwall, Carlton Power), ABP Queen's Harbour Master, Customs Operator
Security and Compliance sub- Committee	All Directors	Freeport Manager	Terms of reference set out in the memorandum and articles of association	Security and Compliance Net Zero Risk Management Monitoring and evaluation and reporting	Development and monitoring of the annual delivery plan and bi-annual reports to Government. Oversight of the: Security and Illicit Activity Risk Assessment Freeport Risk Register Net Zero Plan Making initial recommendations to the board on the application of the Gateway Policy	Chair of the Board, CEO, Freeport Manager, Innovation Manager, Programme Manager, Customs Operator, Finance Manager, Project coordinator, Local Authority Capital Projects Leads, Local Authority NNDR leads

Supporting Diagrams for Section 5f) - Risk Management

Risk Scoring Scheme					
Score	Likelihood		Severity		
	Description	%	Quality/Vision	Cost	Time
5	Almost Certain	>80%	Very unlikely to be achieved	>£5M	> 2 weeks
4	Likely	60% - 80%	Unlikely to be achieved	£500K - £5M	1 week - 2 weeks
3	Possible	40 - 60%	Possibility to be achieved	£100K - £500K	1 week
2	Unlikely	15 - 40%	Likely to be achieved	£10k-£100k	<1 week
1	Very Unlikely	<15%	Very likely to be achieved	<£10k	<1 week

	Insignificant	Minor	Moderate	Significant	Major
Almost certain	5	10	15	20	25
Likely	4	8	12	16	20
Possible	3	6	9	12	15
Unlikely	2	4	6	8	10
Very Unlikely	1	2	3	4	5

REFERENCES AND FOOTNOTES

ⁱ Anchor tenant(s) is used throughout the document and means a key resident enterprise(s)

ⁱⁱ <https://www.gov.uk/guidance/freeports>

ⁱⁱⁱ GVA per head indices for Plymouth ranged from 73.6% in 2014 to 75% in 2019. For Devon County Council they ranged from 80% in 2014 to 77.8% in 2019. Source: ONS, Regional Growth Value added published May 2021

^{iv} Source: ONS Sub-regional Productivity. February 2020

^v Source: Annual Population Survey. Nomis: Model based estimates of unemployment

^{vi} Plymouth Report, 2019

^{vii} <https://www.gov.uk/government/statistics/english-indices-of-deprivation-2019>

^{viii} Source: Annual Survey of Hours and Earnings. Data from 2016 to 2020

^{ix} See for example <https://www.thersa.org/globalassets/reports/2020/briefing-coronavirus-impact-on-employment-local-areas.pdf>

^x Source: Annual Survey of Hours and Earnings

^{xi} Heart of the SW LEP Employment Land Study, Final Report by Hardisty Jones Associates, December 2019

^{xii} Business Support Mapping and Best Practice Review, Prepared by Buckman Associates Ltd, Southern Horizons (UK) Ltd and Hayley Sampson, July 2021

^{xiii} MUKSW 2016 study by Wavehill

^{xiv} [Home | Oceansgate \(oceansgateplymouth.com\)](https://www.oceansgateplymouth.com)

^{xv} [Skills Advisory Panel \(SAP\) - Heart of the South West \(skillslaunchpad.org.uk\)](https://www.skillslaunchpad.org.uk)

^{xvi} [Skills Strategy - for Heart of the South West \(skillslaunchpad.org.uk\)](https://www.skillslaunchpad.org.uk)

^{xvii} <https://www.swiot.ac.uk/>

^{xviii} [Marine Institute - University of Plymouth](https://www.marineinstitute.ac.uk)

^{xix} although export values are comparatively high in Plymouth, they are much lower in Devon and Plymouth's figures are skewed by a small number of high value exporters
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/931994/Local_Area_Commentary_2019.pdf

^{xx} https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1014546/port-freight-annual-statistics-2020.pdf

^{xxi} In relation to the tax sites in South Hams, the Partnering Agreement between Devon County Council and South Hams District Council will permit both of those authorities to each allocate 20% of any surplus to offset the impact of displacement within their administrative areas and/or allocate this money for other priorities aligned to the wider objectives of the Freeport

^{xxii} Local Authority emissions data is not available from 1990

^{xxiii} <https://www.devonclimateemergency.org.uk/adaptation-plan/>

^{xxiv} In the zone? Have enterprise zones delivered the jobs they promised? Centre for Cities

^{xxv} HCA Additionality Guide, Fourth Edition, HCA, 2014