

Plymouth and South Devon Freeport Annual Report 2023-2024

(1st April to 31st March)

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Highlights

Global innovator in marine autonomy expands into Freeport

In July 2023, international innovator in marine autonomy and defence contractor, M Subs, which operates in both Texas, USA and Plymouth, signed a lease agreement to expand business operations into the Plymouth and South Devon Freeport.

Major Freeport investment to improve Millbay Docks

£1.3 million funding from the Freeport's seed capital programme was announced in September 2023 to be invested into Associated British Ports (ABP) Millbay Docks, enabling ABP to embark on a series of strategic infrastructure developments including increasing their freight capability through doubling the existing load capacity of the wharf.

£7.5m innovation grant fund awarded to marine and maritime businesses in the South West

The Marine and Maritime Launchpad in the Great South West was developed jointly between Plymouth and South Devon Freeport, Innovate UK and Maritime UK SW with research and industry partners. It aligns with the sector specialisms of Ocean Futures, an international thematic cluster that represents the marine hotbed of innovation for the Plymouth and South Devon Freeport. The first round of funding was launched in October 2023 and was tailored to provide grants to businesses that develop products that strengthen regional core capabilities and satisfy global market opportunities.

Funding for Langage Green Hydrogen Hub secured

2023 ended with the announcement from Carlton Power (owners of Langage Energy Park) that it had successfully secured

funding for its Langage Green Hydrogen Hub. The Langage Green Hydrogen Hub will be a major milestone in the South West's transition to a low-carbon economy and a key facility for the Plymouth and South Devon Freeport, also helping to deliver net zero goals for Freeport operations overall. It will be operational from 2026.

Babcock International Group and Supacat launch production in PASD Freeport

Following the announcement in early 2023 that Babcock had secured a contract in partnership with Devon defence vehicle designer and manufacturer Supacat to build the Jackal for the British Army, Babcock have since developed an underutilised building in South Yard and created a skills programme for the project. This has led to creation of over 100 jobs, including eleven local people being helped from unemployment to positions in the Jackal production operation. 50% of the supply chain is sourced from South West companies.

Freeport signs MOU with Canada Marine Institute

At Oceanology 2024 the Freeport, as the governing body of Ocean Futures, signed a Memorandum of Understanding (MoU) with the Fisheries and Marine Institute (MI) of Memorial University of Newfoundland. This MoU signifies a commitment between the two organisations to develop Ocean Futures internationally as a platform for exchanging knowledge and to encourage shared investment and standards globally, particularly in the areas of uncrewed and autonomous technology, remote operations, ocean technology, maritime cybersecurity, maritime policy and human factors.



Annual Report 2023-2024

Plymouth and South Devon (PASD) Freeport's first Annual Plan covered the period from 1st April 2023 to 31st March 2024 - its first full year of operation - and focused substantially on mobilisation. It included nine objectives. Progress against each is set out in this Annual Report. Whilst considerable progress was made towards the year one objectives, there were some delays, particularly relating to the capital programme. This resulted from unforeseen changes in the funding landscape coupled with the need for more detailed work to be undertaken by project sponsors to pass technical appraisal and have their seed funding released. This is reflected in the second Annual Plan, which will cover the period from 1st April 2024 to 31st March 2025 and will align with the new Department of Levelling Up, Housing and Communities (DLUHC) roadmap for UK Freeports following the Autumn Budget announcement which extended the tax benefits window to 2031.



Year One Objectives

1 Finalise company mobilisation - by end of July 2023

- Recruiting team
- Setting objectives
- Managing performance

Completed - the core team has been recruited, each with defined objectives based on the Annual Plan outputs and these are reviewed on a fortnightly basis.

2 Governance Set Up - by end of August 2023

- Creating underpinning policies and procedures
- Activating advisory boards and sub-committees
- Developing risk management processes
- Developing Monitoring & Evaluation (M&E) process

Completed – all core policies and procedures have been put in place in adherence with Nolan principles. Meeting on a quarterly basis, Advisory Boards for Skills, Innovation and Trade & Investment have been set up with Chairs appointed. Meeting on a monthly basis, Sub-committees for Security & Compliance and Seed Capital also have Chairs appointed and Terms of Reference agreed. A risk register has been developed, maintained and is included with Board papers. Processes have also been put in place for site specific quarterly reporting to DLUHC and bi-annual reporting to Arup (DLUHC’s M&E partner for UK Freeports) with all returns having been successfully delivered across the year.

3 Service Level Agreements with delivery partners agreed and operational - by end of August 2023

- Defining delivery partner objectives
- Co-designing working practices
- Drafting and signing SLAs

Completed - partner objectives and working practices have been co-designed. SLAs have been developed for the Accountable Body, Carbon Net Zero and Urban Fringe (planning) with MOUs in place for Skills, Innovation and Trade & Investment.

4 Capital Programme reprofiled and change request made - by end of September 2023

- Reviewing the capital programme to reflect changes since the Full Business Case was drafted
- Reprofiled timelines
- Refreshing costs
- Making a change request to government to adjust as per the above
- Releasing seed capital through bringing forward business cases for technical appraisal

In progress - the capital programme has been under continuous review throughout the year, focused on ensuring that the seed capital can be spent by the March 2025 window. Changing circumstances have altered the scope of some original seed allocations and the programme has been adjusted accordingly through the government’s change request process. A comprehensive review and (where needed) reprofile of costs and timelines was undertaken in February 2024 following government’s announcement of the tax reliefs extension until September 2031 which was conditional on agreement of new delivery plans with each Freeport. The team has also supported project sponsors to bring forward their seed capital businesses cases across the year and the majority have now come forward for technical appraisal. Subject to the technical appraisal outcome, the seed funding allocations are as follows:

Sponsor	Project	Seed Funding Allocation
Tax Site 1: South Yard and Ports		
Plymouth City Council	Innovation Units	£3.256m
Princess Yachts	Factory Extension	£0.315m
Associated British Ports	Port Optimisation	£1.3m
Cattewater Harbour Commissioners	Port Enhancements	£0.382m
Tax Site 2: Langage		
Plymouth City Council	Beaumont Way Units	£4.0m
Devon County Council	Phase 1 a Spine Road Extension	£2.7m
Devon County Council	Cycle and Pedestrian Bridge	£3.669m
Sandy Road	Junction improvements	£3.25m
Langage Energy Park Ltd	Core Infrastructure	£0.925m
Tax Site 3: Sherford		
South Hams District Council	Land Assembly	£3.7m
Sherford Consortium	Access Road/Core Infrastructure	£1.2m

*Change requests submitted within this Annual Report period but not approved until post 31st March 2024.



5 Tax Site Delivery projects all activated - by end of March 2024

- Agreeing plans for each site
- Detailing public infrastructure projects
- Detailing private sector development plans
- Mobilising projects

Completed – bespoke site delivery plans were developed as part of the Freeport’s Full Business Case and these were updated in conjunction with landowners and project sponsors in February 2024 as part of the tax benefits extension submission. This process also enabled us to review our Gateway Policy which recognises the importance of maximising additionality to the UK economy by attracting new high value investment within target sectors to the Freeport. These sectors are advanced manufacturing and engineering, marine, defence, space, and technologies that move the economy towards net zero. All three Tax Sites have been activated with individual projects at varying stages of development:

Tax Site 1: South Yard – is a 31.9 hectare site located along the waterfront, near to the Port of Plymouth. It is adjacent to the existing Oceansgate Enterprise Zone and will extend the Oceansgate footprint, forming the centre-piece of our Innovation Hotbed. Situated on a former brownfield site as part of an historic naval dockyard, the site has two landowners. The Ministry of Defence (MOD) retains the majority of the site, much of which lies ‘behind the wire’ of MOD security. The MOD leases land and buildings in South Yard to a number of private companies, including Babcock which has already expanded through the Freeport with ‘Project Leopard’ fulfilling a contract to deliver High Mobility Transporters to the British Army. M Subs has also located at South Yard to expand their business and these projects have already created over a hundred new jobs on the site. Princess Yachts, as the second landowner at South Yard will bring forward a factory extension through the Freeport to support an increase in production and Plymouth City Council will bring forward innovation units which will sit ‘outside the wire’ and be in use by 2026. Work has commenced in conjunction with MOD to explore other uses for the site in alignment with their strategic priorities.

Tax Site 2: Langage – is a 48.5 hectare site located approximately 7 miles to the east of Plymouth and has been allocated as employment land within the Plymouth and South West Devon Joint Local Plan. It is located on greenfield land within the Eastern corridor of the city, in close proximity to the A38 Expressway. The site has three owners. Carlton Power owns land to the North of the site; Plymouth City Council has a small amount of land to the South; and, the remainder of the land to the South (Ley Farm) is owned by a private landowner. The entire site has been master-planned to include 87,545 sqm of plots including a green hydrogen project which was awarded a financial contract from DESNZ in December 2023. A range of investments are currently being made in transport and infrastructure to bring the site forward with the Plymouth City Council units due to be completed in 2025.

Tax Site 3: Sherford - is a 7.9 hectare site located approximately 7 miles east of Plymouth on greenfield land to the south side of the A38 Devon Expressway. The site is currently owned by the Sherford Consortium as part of the Sherford New Community. South Hams District Council is in the process of purchasing it as a temporary measure. It is expected that the site will be sold again in the near future to be developed as an integrated logistics and engineering facility by a local contractor.



6 Custom Site Activated - by mid-October 2023

- Activating primary customs site
- Selecting certified Authorised Economic Operator (AEO)(S) operator
- Identifying additional customs site locations
- Assisting new CSO with HMRC authorisation

In progress - activation of the temporary customs site established at Burrington Way industrial estate did not occur due to the operator shifting their strategic focus to South Yard, with the intent of establishing a customs site within this Tax Site in due course. Selection of a certified AEO operator took place with their initial brief being to support prospective customs site operators with their applications to HMRC. Identifying additional customs sites is on-going. Assistance with HMRC applications is offered to all interested parties as part of the Freeport's business support function.

7 Supportive Programmes fully mobilised - by end of September 2023

- For Trade & Investment - identifying key markets, setting up a Freeport Task Force to generate leads and actively making pitches
- For Innovation - co-designing an innovation campus and an innovation service offer, identifying priority innovation and test facilities projects that are integral to the delivery of the Freeport
- For Skills - commissioning a Skills and Career Mapping Study for specific sectors, engaging with Freeport employers and providers on demand and supply, drawing up a Freeport offer using an escalator approach and launching a model for those entering work or career jumping
- For Net Zero - developing a bespoke net zero strategy for the Freeport and material/campaigns for site owners and occupiers

Initial tasks completed, work on-going - all supportive programmes have been mobilised. Although T&I activity has been slower than planned due to delays in recruitment, concerted efforts are now being made on lead generation which will provide a springboard for the forthcoming year, underpinned by our new Gateway Policy.

An innovation audit and gap analysis has been completed to focus activities moving forward and actions from this, including an innovation service, are set out for 2024/25. The Freeport has taken over the governance of Ocean Futures in the last year, providing a strong, internationally focused hotbed of innovation for the marine sector; with plans to adopt a similar model for the defence and space sectors over the longer term.

A skills and career mapping study for specific sectors has been undertaken with work on-going around next steps engaging employers and providers. The team is working with employers, including Babcock and Princess Yachts, to offer Freeport specific L3 - L7 DfE Funded skills bootcamps to bolster workforce pipeline, whilst the Devon and Cornwall Training Providers Network is also encouraging smaller providers to engage with offering skills bootcamps training to seek to pass the benefits further along the Freeport's local and developing supply chain. Babcock is also collaborating with the Department of Work and Pensions and Plymouth City Council to offer a Skills-based Work Academy Programme (SWAP), hosting it at their new Jackal Production Facility in South Yard, with several staff secured for the project, as well as joining the Navy on related activity.

A net zero lead has been appointed and embedded across all programmes to integrate net zero across delivery. In particular, they have ensured net zero conditions are embedded within the Freeport's seed capital programme and are proactively working with key stakeholders to agree and develop the Freeport's net zero action plan.



8 Co-designing highly targeted campaigns - by September 2023

- Developing collateral and website on all offerings
- Developing appropriate marketing collateral for all stages of the investment process and aftercare
- Setting up regular stakeholder engagement events

Completed - the website continues to be updated regularly with new content and sections. UK Freeports branding (for use by the whole programme) was launched in February 2024 and new marketing collateral (print and digital), and the website, will now reflect this branding as well as the individual PASD Freeport brand. Throughout 2023 Plymouth and South Devon Freeport attended and presented at a range of local, regional and national events and industry/sector led conferences including: London International Shipping Week, UKREiiF, DSEI, PortComms23, Devon and Plymouth Chamber of Commerce's City, County Conversations and Green Breakfast Networking events, Plymouth FLOW event, Plymouth Area Business Council and CECA South West.

9 First year sales targets achieved - by end of March 2024

- Co-designing a highly targeted campaigns with cluster leads, securing a minimum of three private sector investment opportunities
- Fine tuning the sales process
- Reviewing the comprehensiveness of after care support

Completed - regular meetings are taking place with the Department for Business and Trade and underpinning processes including account management and after care processes are being augmented. One early success is Babcock's refurbishment of a derelict building to accommodate 'Project Leopard' which has enabled them to deliver High Mobility Transporters to the MOD for the British Army, working in collaboration with Devon-based Supacat. This is expected to provide a springboard for Babcock's further expansion on site. M-Subs has also established a presence on the South Yard site to support its delivery of defence market contracts including 'Project Cetus' which will be the largest and most complex crewless submarine operated by a European Navy. Carlton Power has successfully secured funding through the Department of Energy, Security and Net Zero (DESNZ) to support the UK's hydrogen strategy. Their Langage Green Hydrogen Hub, the first of its kind for the South West and located within the Plymouth and South Devon Freeport, will provide a clean and sustainable source of energy for suitable businesses to offtake, creating jobs and further opportunities for the local community. The Freeport is supporting the delivery of infrastructure through seed capital funding – spine road and power connections – which will accelerate development of the site and enable eligible businesses the opportunity to off-take hydrogen quicker.

Annual Financials

Plymouth and South Devon Freeport Limited (Registered number: 14109106)

Balance Sheet 31 March 2024

	31.3.24 £	£	31.3.23 £	£
Fixed Assets				
Tangible assets		805		859
Current Assets				
Debtors	137,267		3,647	
Cash at bank	84,345		172,718	
	<u>221,612</u>		<u>176,365</u>	
Creditors				
Amounts falling due within one year	<u>138,198</u>		<u>123,326</u>	
Net current assets		83,414		53,039
Total assets less current liabilities		<u>84,219</u>		<u>53,898</u>
Reserves				
Income and expenditure account		<u>84,219</u>		<u>53,898</u>
		84,219		53,898

Plymouth and South Devon Freeport Limited's full financials are published on Companies House.