

Plymouth and South Devon Freeport

Gateway Policy

Introduction

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 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 Retention (BRR). 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 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). Annexes 1 and 2 provide further detail on the vision and strategy.

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.

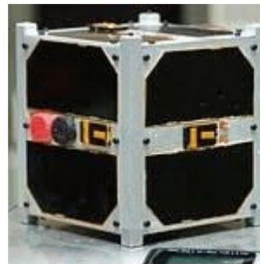
Landowners will align their development proposals to the Freeport vision for a period of a minimum of 5 years, including the key points around displacement.

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, 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.

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.

Annexe 2 - Outline Business Case Executive Summary

EXECUTIVE SUMMARY

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

The PASD area has strong advanced manufacturing and engineering clusters with key specialisms in marine and defence where we 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 autonomy and renewables, contributing to key national net zero agendas including short sea shipping within a smart port, autonomous and clean propulsion setting.

The 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 relatively uncongested 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 space impedes business clustering opportunities for sub-sector specialisms and focused innovation. This in turn holds back our 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 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.

It builds on existing investments and assets, dating back to the City Deal and will specifically enable us to undertake land remediation, core infrastructure and supporting transport works to develop three core sites that have long remained undeveloped and underutilised. These will create the opportunity for businesses to benefit from customs breaks and tax breaks in order to achieve a post-tax return on capital through the supply chain and economy:

- **The South Yard site** – located near the Port, incorporates the existing Oceansgate EZ and will be further developed as a tax site, forming the centrepiece of our innovative hotbed. Focusing on marine and defence sectors, the site will include an innovation centre and a mobility hub to unlock further development. Anchor tenant, Princess Yachts, will develop a new factory on land which they already own within the site and Babcock will also redevelop two key buildings ‘behind the wire’ of MOD owned land on the site 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 zone 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 hydrogen plant 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 forms part of the employment allocation of the Sherford new community. It will be developed as a logistics hub with a coterminous tax and customs site boundary, providing integrated warehousing, storage and engineering space for a single marine/defence contractor (Babcock). Babcock will also, in the shorter term, bring forward a smaller customs zone on the Burrington Way Industrial Estate in the North of Plymouth. Though sitting outside of our tax site boundaries, it will nevertheless form part of the Freeport footprint, enabling Babcock to meet their immediate needs whilst also serving other early Freeport tenants.

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, we 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. Our gateway policies will ensure that businesses locating in the Freeport are not displaced from elsewhere in the UK, thus delivering additionality.

A bespoke Research and Innovation Strategy will be developed, engaging with the Freeports Regulation Engagement Network (FREN) on regulatory flexibilities and freedoms. An Employment and Skills Strategy 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 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.

Our proposals deliver 3,547 jobs, represent good value for money, are commercially viable and are underpinned by sound governance and management structures. They are also backed by businesses with key anchor tenants having committed to investing in the Freeport and a strong pipeline of interest in the opportunity having been established.