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To:

The Chief Secretary to the Treasury
Secretary of State for International
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Secretary of State for Housing,
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Dear Secretaries of State

FREERPORTS CONSULTATION

I am pleased to attach TGKP's response to your Departments' joint consultation on Freeports, also submitted via the online portal.

We recognise that the consultation has been quite exploratory in nature, seeking to devise a Freeports model fit for the UK's changing position in international trading arrangements as well as supporting a range of domestic policy objectives. There are many aspects of the proposals that probably cannot be finalised until the UK's trading relationships post-Brexit have been clarified. As Government considers responses to this consultation and refines its proposals, we would urge flexibility of approach. Whilst regulatory, fiscal and some other regimes need to be applied consistently, there is not a one-size-fits-all solution and different Freeport models may be appropriate according to the circumstances in different locations.

The ongoing Covid-19 pandemic has also reinforced the point that virtual and distributed working arrangements, trading and business models, enabled by suitable technology, should inform our thinking about the relationship between specific geographic locations and the much wider networks of producers, suppliers, services and institutional partners that make up our economy.

To the extent that we do think about specific geographies, we know there is an appetite amongst Thames Estuary partners for exploring the potential of a Freeport in the Thames Estuary. As you know from the Government's engagement with this area over the past 25 years, and most recently through the lens of the Thames Estuary 2050 Growth Commission, this is an area of both great opportunity and great need. We recognise that this consultation process is not inviting bids, but in reviewing responses we would ask the Government to look at how the parameters of any future Freeports selection process can maximise the benefits across a geography such as the Thames Estuary as well as its counterparts in other regions of the UK. The Government's approach to selection needs to be both strategic and carefully nuanced to reflect the economic and social realities in different parts of the country.

The Government has set an ambitious range of objectives for Freeports – possibly more than one policy package can deliver. To help drive sustained economic recovery and growth a wide range of policy tools will be needed. Freeports policy needs to be well integrated into a comprehensive strategy for economic-led, sustainable regeneration both nationally and more locally. In this context, too, we would urge Government to think very carefully about the place-shaping dimension

and ensure that in its desire to offer freedoms and flexibilities, for instance in planning, it keeps the interests of local communities – for good quality jobs, a healthy environment, for genuinely sustainable places with all necessary physical and social infrastructure and amenities – front and centre in its thinking.

TGKP has played an enabling role in the North Kent Enterprise Zone and we have therefore reflected at some length in our response on learning from enterprise zones that may be pertinent in shaping Freeports policy. As part of the comprehensive strategy suggested above, there may be more that Government could do to support enterprise zones and reinvigorate the role that they could play as catalysts for local growth and post-Covid 19 recovery.

I trust our response to this consultation will be found constructive and we would welcome the opportunity to contribute further as the policy proposals evolve.

Kind regards

A handwritten signature in black ink, appearing to read 'MN', is positioned above the printed name and title.

Matthew Norwell
Chief Executive, Thames Gateway Kent Partnership

Freeports Consultation – Response from the Thames Gateway Kent Partnership

<p>Location of Freeports</p>
<p><i>Q8: What do you see as the advantages and/or disadvantages of an inland Freeport site compared to a Freeport site which is adjacent to a port? Free text box</i></p>
<p>A self-contained inland site would present fewer problems than one that is part of a ports cluster, but non-contiguous with other sites in the cluster. If a site does not itself contain the ports function (whether rail, sea or air), and is non-contiguous with one that does, it gives rise to complications about tracking and treating good and materials (and, where relevant, services) moving between sites. Some of those complications are recognised in the paper. But a ‘footloose’ Freeport site could be located in close proximity to other business developments and increase the risk of local displacement and anti-competitive conditions and markets. This suggests that in refining proposals criteria should be developed to ensure those risks are avoided or mitigated.</p> <p>Whatever their location, it is crucial that Freeports maintain a focus on production and explicitly do not extend into consumer-facing activity such as retail or leisure that would set them in (unfair) competition with existing centres and businesses.</p>
<p>Tax</p>
<p><i>Q18: In your view, do the specific tax incentives provided in existing English Enterprise Zones (Business Rates discount and Enhanced Capital Allowances) encourage increased business activity and employment in England? Yes/No/Don’t know</i></p>
<p><i>Q18.i: Please explain your answer and support your response with evidence where possible. Free text box</i></p>
<p>TGKP’s experience is largely based on the North Kent Enterprise Zone (NKEZ), where we have a facilitation role; but partners have experience of previous enterprise zones and iterations of the concept.</p> <p>Enterprise zone status brings benefit to occupying businesses, but those need to be placed in context. The incentives available to businesses are a choice of Business Rates Discount (BRDs) or Enhanced Capital Allowances (ECAs), but not both (occasionally a mix may be agreed for different sites within a zone). ECAs are only available in Assisted Areas: the current Assisted Areas Map and associated legislation only covers the period 2014-20 and is assumed now to have expired; it is unclear what happens next, including as a consequence of the UK leaving the EU.</p> <p>BRDs, though subject to the ‘de minimis’ State Aid cap, are a not insignificant incentive, but their role as a determinant of business location is probably marginal. For small businesses of a size benefiting from the Small Business Rate Discount, EZ status confers limited or no additional BRD benefit. For large companies the discount as a proportion of their BR liability, and overheads more generally, will be small enough to be very much a secondary consideration. Universities and some other institutions (e.g. charities) can also benefit from mandatory discounts which means EZ-related BRDs would be at most a modest benefit (and may not arise depending on whether mandatory discounts are topped-up on a discretionary basis by the local authority). BRDs are therefore likely to be more of an incentive to SMEs above the mandatory small business rates discount threshold.</p> <p>Generally the key drivers for attracting businesses, particularly as inward investors (whether FDI or domestic) are: location, giving ready access to markets and supply chains; availability of premises of the right size and quality; access to a skilled workforce; and the quality of life offer in the area. EZ status can be seen as a bonus, and BRDs are an attractor, where those criteria are met or factors are in place. Our experience with NKEZ is that there has been consistently strong interest in the zone from potential occupiers: the main challenge has been delivery of premises to enable businesses to locate into the zone.</p> <p>A key issue where BRDs or other incentives are offered is how long the period of eligibility should last and how to manage the transition when eligibility ceases. The five-year period set for Enterprise Zones has proved to be tight given the time-lags that can arise in the process of developing new premises for</p>

occupation. And for occupying businesses that have benefited from BRDs, the impact on their bottom line and cash flow when eligibility elapses can pose challenges. If the Government is considering BRDs in Freeports, it should give careful thought to what eligibility period and any transitional arrangements (e.g. taper) that would be appropriate at the end of that eligibility period.

One of the chief benefits of EZ status is the ability of the LEP or local authority concerned to invest the uplift in retained business rates above baseline in developing the zone or other support for enterprise, including borrowing against anticipated future business rates income to fund up-front capital investment. This is a powerful tool. There are caveats: for example, the more mandatory discounts apply, particularly where part-funded by the local authority, the less the retained business rates uplift available to invest.

The future of business rates as a revenue-raising mechanism remains unclear, with reforms a long way behind schedule. Before adopting specific derogations for Freeports, there is a strong case for setting a clear route-map for business rates reform generally so that the effect of any exceptional treatment, such as in Freeports, can be put in context and assessed accordingly. In refining proposals, Government should also signal clearly whether 100% local retention of business rates would apply, for how long, and any conditionality around how retained business rates could be used.

Aside from the tax incentives and the criteria mentioned above that shape locational choice, a crucial factor in making a success of EZs is what else they have to offer. This may include the sector focus or clustering of particular types of business where agglomeration effects support collaboration and commercial synergies, proximity and access to academic and other research expertise, and business support arrangements – as well as whether they are simply good places to work and do business. The success of any designated zones is likely to depend as much on these ‘soft infrastructure’ and enabling factors as it does on the financial balance sheet entries.

See also our response to Q55.

Planning

Permitted development rights

*Q24: Do you agree or disagree that the permitted development rights for airports and sea ports should be brought into closer alignment by allowing the use of buildings on ports for purposes connected with the operation of the port? Agree/**Disagree**/Don't know*

Q24.i: Please explain your answer. Free text box

TGKP has generally cautioned against extension of permitted development rights (PDRs) in response to past Government consultations – see also response to Q27. The potential effects need to be explored very thoroughly to mitigate against adverse or perverse unintended consequences. The consultation paper does not detail what alignment would mean in practice, and in particular what it would enable sea ports to do, in terms of operational buildings, that they cannot do at present. The context of Schedule 2 Part 8 PDRs in the 2015 General Permitted Development Order is expressly transport-related development. To avoid ‘scope-creep’, the rationale for alignment would need to have a transport-related operational justification. Further evidence and detail are needed. We suggest that the scope of any PDRs should be subject to appropriate size limits (e.g. area, height).

Zonal planning

*Q25: Are there suitable incentives in place that encourage the use of Local Development Orders by local authorities to support faster development? Yes/**No**/Don't know*

Q25.i: Please explain your answer. Free text box

Local Development Orders (LDOs) potentially offer a streamlined planning regime and provide greater certainty to investors and developers. But despite having been around for well over twenty years, LDOs are not generally well understood by either local councils or the development community. The

consultation paper refers to 'over 100' adopted LDOs, but with around 365 planning authorities of different types in England it follows that only a minority will have any experience of LDOs.

As with any departure from conventional pathways, there are both pros and cons. The rationale for putting an LDO in place will vary from case to case, partly according to the status of the Local Plan. For example, where an adopted and up-to-date local plan allocates a relevant site for industrial and commercial development, supported by appropriate policies, the benefits of an LDO in terms of certainty may be limited compared with a situation where a Local Plan is emerging or out of date.

The prior approval procedure associated with LDOs in theory enables developers/applicants to get onto site much more swiftly compared with the conventional planning process because of the short timetable for confirmation from the planning authority. This time saving may be realised once an LDO is in place. However, the process for setting up an LDO can itself be time-consuming as it needs to be underpinned by a comprehensive evidence base and full public consultation as well as appropriate scrutiny through the local democratic process. Even straightforward LDOs can take many months and more complex or contentious proposals may take perhaps 24 months to put in place. Progress can be particularly slow where statutory consultees, including government agencies and utility providers, are insufficiently collaborative or solution-focused. For example, formal preparation of the LDOs for Innovation Park Medway, within the North Kent Enterprise Zone, started in 2018 but adoption is not expected until later in 2020.

The cost-benefit equation of LDOs is generally favourable to applicants. They know that a compliant application will proceed, because the debates over the principles and detail of acceptable development will have taken place during LDO preparation. This gives investor certainty, de-risks the proposal and is likely to assist with securing development finance on competitive terms. Applicants must demonstrate compliance with all the requirements of the LDO: this would normally be equivalent to a detailed planning application, so applicants can expect to spend just as much on the detail of their proposals. But they are likely to make savings on what might otherwise be required on assessments such as traffic and environmental impacts because these will have been covered during preparation of the LDO. The prior approval procedure carries lower fees than standard planning applications, and whilst a development may be liable for CIL (where a charging regime is in place) section 106 contributions/obligations cannot be required (but may be offered, e.g. to enable a planning condition to be met). The existence of an LDO would therefore usually deliver a net saving to developers/businesses.

For local authorities, the up-front cost of preparing LDOs is significant owing to the extensive evidence base, appraisals, design codes etc and consultation required. This will usually require capacity and expertise additional to normal planning department operations, particularly in smaller planning authorities. Prior approval proposals need thorough appraisal but carry lower fee income; and the loss of s.106 contributions would put additional pressure on local infrastructure provision. The other side of the equation for local authorities is potentially the earlier occupation of sites by businesses, generating wealth, jobs and business rates sooner than might be the case under conventional planning, and securing more inward investment attracted by the streamlined planning regime – once an LDO is in place, and with appropriate marketing. That assumes, though, that local authorities would continue to derive business rates income in a Freeports context. Without those potential income streams and wider regeneration benefits to offset other income losses, the financial implications for local authorities – and what that may mean for services and regeneration investment – may be negative.

Any streamlined planning regime for Freeports should therefore be designed in such a way that it (a) does not leave local authorities worse off and (b) does not create an infrastructure deficit, as neither would be conducive to sustainable place-making. Incentives for local authorities to use LDOs would need to be matched by cemented-in commitment to collaborative and solution-focused engagement from government departments and their agencies.

Q25.ii: If not, what more could be done to encourage their use? Free text box

It is important that LDOs for particular sites or zones are well meshed into the wider planning context for the area to ensure that the employment-related considerations driving the LDO are not divorced from housing, physical and social infrastructure and amenities that are needed to make sustainable places.

As suggested in answer to Q25i, the up-front financial costs of preparing LDOs and the ongoing loss of future planning fee income and contributions towards infrastructure may act as a deterrent. Grants or loans to meet the up-front costs could help overcome any financial disincentive on the part of planning authorities. Assurance about the long-term destiny of income streams such as business rates would also assist in getting positive engagement.

Any new development will have a greater or lesser impact on local infrastructure requirements. Mechanisms such as LDOs which effectively bypass contributing towards local infrastructure potentially exacerbate existing deficits. Any proposals for greater use of LDOs in a Freeports context should be accompanied by appropriate mechanisms to ensure that provision of local infrastructure and amenities is funded and keeps pace with demand.

One constraining factor in the current design of LDOs is the absence of provision for cross-boundary arrangements. Where a site straddles a local authority boundary, separate LDOs are required in each local authority involved. It might be worth considering amendment to LDO legislation to streamline cross-boundary collaboration.

National Policy Statement for Ports (NPSP)

*Q26: Would it be appropriate or inappropriate to consider amending the National Policy Statement for Ports to allow for changes to planning process(es) for significant port development?
Appropriate/**Inappropriate**/Don't know*

Q26.ii: If your answer is 'inappropriate', please explain why. Free text box

The consultation paper gives little indication of the respects in which Government might amend the NPSP. More detail is needed. As a general principle, changes should not in any way dilute the protections afforded to designated landscapes, habitats and species or other statutory designations. There are unfortunate and notorious historical examples of seaports development destroying environmentally sensitive areas, which some of the present NPSP provisions are designed to prevent being repeated (for instance section 3.3.3). Any amendments to the policy statement should be framed in such a way as to reinforce statutory protections, and further national policy objectives relating to carbon reduction and climate change.

Additional planning freedoms

Q27: Please tell us about any additional planning freedoms related to planning powers and/or increasing the efficiency and effectiveness of planning that you think could be used to support development in Freeports. Free text box

The Government has repeatedly extended the scope of permitted development rights since 2015, attaching little weight to the body of evidence indicating the negative consequences new and extended PDRs are having on the quality of development and on place making. PDRs are a blunt instrument and despite declarations of intent to extend PDRs further we would continue strongly to urge the Government to step away from this path. Planning policy decisions can shape places for decades, and deregulation for short-term reasons can have both immediate and longer-term negative consequences that outweigh the selective benefits. Instead, it would be helpful for Government first to publish its review of PDRs for proper scrutiny; and second, to promote an inclusive dialogue about what it wants to achieve and explore in a focused, formative and consultative way the best planning (and other) policy levers and mechanisms for delivering this.

If the Government pursues the Freeports concept, there could be a case for all policy and regulatory measures intended to apply uniquely in Freeports to be distilled into a single document. This would help

address the risk of disjointedness between measures requiring extensive cross-reference between different regulations and policy documents.

Regulatory impacts

Q28: Please provide any feedback you have on the regulatory impact of the planning measures set out in this consultation. For example, do you have any information on the costs and benefits to business of these measures? Free text box

The proposals are too imprecise for meaningful regulatory impact assessment to be carried out at this stage. As noted in answer to Q25i and ii, LDOs – as an example of a streamlined planning mechanism – may theoretically free up resources, but they need significant up-front investment and additional capacity to put them in place. These mechanisms also involve reduced fees, so local planning authorities would have reduced income to work with. If evidence does not already exist, it would be useful to establish, by evaluation of existing LDOs, whether the prior approval fee arrangements provide sufficient resource to cover the appraisal process local planning authorities have to carry out to establish conformity between proposals and the LDO.

Infrastructure

Q30: What infrastructure could support wider regeneration opportunities and promote job creation in the areas around a Freeport? Free text box

Although in some respects the Freeports concept is akin to the creation of ‘islands’, Freeports need to be well integrated into their location. Goods and services need reliable and resilient access routes; the ports (of whatever type) and companies based within them need access to a local workforce; and those people need homes, educational establishments, healthcare facilities, retail, recreational, community and other amenities. In other words, a ‘whole place’ approach is needed. Any Freeports proposal therefore needs demonstrable buy-in from stakeholders across the spectrum, including but not confined to public bodies like local planning authorities. In this way, the regeneration opportunities and needs of the area can be looked at holistically in considering what contribution the Freeport could make.

It can be hard to strike the balance between specialism and diversity. Taking Enterprise Zones as an example, several EZs have sought to build their brand around particular industrial sectors, such as automotive, aeronautical engineering or renewable energy. The aim is to attract clusters of businesses where agglomeration effects can be beneficial in building strong supply chains, stimulating spin-off research and enterprise, and attracting complementary investment. At the same time, that model carries certain risks where a downturn in a key industry, such as automotive, can disproportionately impact the local economy which owes some dependency to the core business.

Agglomeration therefore needs a degree of industrial diversity, and a reasonably broad economic base, to build resilience to sector-specific shocks. At the same time as looking to an area’s sector strengths as the focus for a Freeports proposition, regeneration needs to maximise diversity to build resilience and lay the foundations for innovation and growth of new industries. Freeports proposals should therefore offer credible plans for how they would develop and promote a broad economic offer beyond historic core activities.

We recognise that the Freeports concept is seeking to embrace sea, rail and air or combinations thereof. Every opportunity should be taken to reduce the carbon footprint of Freeports, and the air quality, noise and other negative environmental impacts that may be associated with them. This includes how people travel to work in Freeports and how materials and products are transported in and out. Wider regeneration objectives may be supported by investment in effective public transport and active travel infrastructure connecting a Freeport to its surrounding communities. Wherever feasible, too, opportunities should be sought to maximise inland movement goods and materials by rail rather than road. This needs to be considered as part of a wider strategy for freight that makes better use of under-used rail assets and addresses system bottlenecks.

Skills
<i>Q34: How could employers involved in Freeport applications demonstrate their commitment to engagement with, and support for, local FE and skills providers? Free text box</i>
Examples could include helping secure work experience for T-level courses and supporting brokerage enabling smaller companies to offer work experience ‘modules’ as part of a package with other small companies unable to fulfil the curriculum requirements on their own. The same principle could apply, even more fully, to apprenticeships.
Housing
<i>Q35: What are the main housing needs of the local economies which surround ports (suitable for Freeport status), both now and in the future? Free text box</i>
This is impossible to answer in abstract: this will vary according to the circumstances of any particular candidate area. There is little to add here to our response to Q30. Freeports, like any other major development, need to be well integrated into their setting with the full implications for housing, infrastructure and other supporting development considered holistically.
<i>Q36: How can local areas align their housing interventions with the wider regeneration agenda to make Freeports a success? Free text box</i>
Freeports are only one potential driver among many that might contribute towards regeneration. How significant they might be to the local economy will vary from case to case, and therefore their contribution towards shaping regeneration ambitions and development proposals will also vary. It is certainly the case in North Kent and the wider Thames Estuary area – that local authorities are already aligning housing interventions to support their regeneration agendas, including seeking to build vibrant local economies. There is no reason in principle for Freeports to be treated any differently in this regard, though scale will be a factor. In all circumstances, though, the overriding principle should be sustainability and seeking the optimal balance of social value, environmental and economic considerations. There might be scope for Freeports to help advance, in both scale and pace, innovation and delivery of modular housing solutions to respond to the demand for high quality and affordable housing.
<i>Q37: What role could zonal planning, including the use of Local Development Orders, play in delivering the wider regeneration of local areas around Freeports? Free text box</i>
See response to Q25. Local Development Orders would become more complicated the wider the area they attempted to cover, and the more types of development or business activity / function included. Zonal planning mechanisms could support more coherent patterns of development (e.g. avoiding ‘unsociable’ business activities from being located in close proximity to residential areas), but care would be needed to avoid industrial ‘deserts’ lacking amenities and remote from the local communities on which they would depend for services. Such zones can become victims of their own success. For example, in North Kent, the Medway City Estate was established as an enterprise zone in the 1980s. It has successfully fostered business growth and is home to hundreds of companies and thousands of jobs generating significant GVA. But fragmented land ownership across the estate presents a challenge to any coherent public or private action or initiative, for example to raise the quality of the built environment and public realm. Its relatively restricted access and configuration has resulted in serious congestion bottlenecks that negatively impact economic productivity and environmental quality. Examples such as this point to the need for zonal planning not to be pursued in isolation but considered as one among a suite of possible measures underpinned by comprehensive masterplanning.
Freeports and academic collaboration

Q40: How can ports collaborate with public agencies - including universities and other academic institutions, businesses, and local governments - to develop and adopt new technologies? Free text box

There are various models that could be explored depending on local circumstances. Much collaboration can – and, in the wake of the Coronavirus crisis, may have to be – accomplished via digital channels and networks that connect ports and companies based within them to academic institutions and other research and development activity. That could include accessing data processing and analysis capabilities and other collaboration through digital platforms which need not necessarily be near the port. But equally there is evidence to suggest that proximity between enterprises and institutions with relevant academic specialisms can foster productive collaborations and encourage business clusters. Resources that can provide an interface for collaboration, for example including specialised testing or laboratory facilities, demonstration sites or supporting commercialisation of R&D, could be part of the offer developed within a port.

Contribution to the decarbonisation agenda

Q44: How could regulatory flexibility within Freeports help businesses to trial and implement new products and processes? Free text box

Regulatory flexibility should not involve any compromise on health and safety, environmental or employment protection standards. There might be scope for Freeports to provide accredited support services to navigate regulatory requirements and promote innovation e.g. compliance with permit conditions, patent registration and advice on protection and commercialisation of IP.

Q45: How could Freeports be used to test new ideas and support business and industry to decarbonise in line with the UK's Net Zero target? Free text box

Depending on local specifics, Freeports could use their 'captured market' position to introduce de-carbonising measures at scale. This could include on-site renewable or low-carbon energy production, heat and power networks connecting all premises in the port to cost-effective renewable sources, zero emission public transport systems serving the port, electric and hydrogen vehicle charging networks. Most of such measures might be led by port operators, but Freeports proposals should demonstrate how they would create the conditions, and perhaps occupancy criteria, that would incentivise business-driven initiatives to decarbonise their processes and products.

*Q53: In your view, what is the level of risk of economic displacement? Very high/**High**/Medium/Low/Very low/None/Don't know*

Q53.i: What should the Government do to mitigate these risks? Please explain your answer. Free text box

Displacement is one of the main concerns about any intervention that gives favourable regulatory, tax or other incentives to businesses within a particular area but not to others. Freeports potentially risk distortion of competition. They could have a negative impact on economic activity both in their immediate vicinity and further afield if businesses sought to relocate into Freeports to take advantage of the incentives available. Freeports therefore must deliver additionality if they are to justify privileged treatment.

This is a recognised risk with enterprise zones. One mitigatory measure adopted by several EZs, including North Kent Enterprise Zone, is to incorporate a growth test or similar into their business rates billing policies. This determines eligibility for business rates discounts according to whether a company relocating from elsewhere in the authority's area is doing so in order to grow in terms of jobs, turnover or other appropriate metrics. It is recognised that relocations into enterprise zones can free up premises for other businesses to occupy, but without substantiated growth the displacement or deadweight factors can diminish any overall economic benefit. Growth tests or similar are harder to apply to relocations from further afield, which would bear more characteristics of inward investment into the zone but not pick up the displacement effect in the area from which the company has relocated.

In seeking to mitigate those risks with Freeports, we suggest the Government should consider developing certain tests to ensure that eligibility for incentives is tied to delivery of specified or negotiated commitments. These could include measures such as new jobs (with evidence of additionality), apprenticeships targets, investment in R&D as a percentage of company turnover. Additionality might also be achieved through creating space specifically to support scaling-up industries where significantly increased capacity is required, for example modular housing technologies and production.

We further suggest that the Government should develop and apply appropriate additionality-related tests (including public value) linked to each and any of the incentives considered under Q19 or otherwise as part of its final proposals.

Allocation and governance of Freeports in England

Port modality

Q58: What factors do we need to consider in order to support applications from multiple ports? Free text box

Whether involving single or multiple ports, proposals should demonstrably have wider benefit than their immediate geography, and initial schemes might serve as building blocks for longer-term evolution. These benefits might be in terms of:

- Special Economic Zones. Zones could in principle be established on a virtual basis linking to sites or businesses in other, possibly widely distributed, locations. Physical connectivity need not necessarily be a determining factor;
- Supply chains. Whilst some functions might be accomplished through virtual arrangements where proximity is inessential, for physical products Freeports should maximise local and sub-regional supply chains and opportunities for SMEs;
- Skills and employment. Provided they are well connected, accessible and integrated into appropriate transport and other networks, Freeports should seek to maximise employment and training opportunities and structured relationships with education and training providers at FE and HE levels.
- Research and development. Freeports could help to grow collaboration between businesses and academic research institutions – see response to Q40. Proposals should demonstrate how they are engaging with institutions and opening up potential for new and more extensive collaborations to support enterprise and bringing innovation to markets.

Objectives and criteria

*Q59: In your view, how appropriate are the proposed criteria for assessing how potential Freeport applications can meet the stated policy objectives? Very appropriate/**Fairly appropriate**/Not very appropriate/Not at all appropriate/Don't know*

Q59.i: Please explain your answer. Free text box

There is a balance to be struck between Government's legitimate role in trying to discern what works – taking an evidence-based approach and devising the best mechanism to assemble that evidence – versus over-use of competitions and micro-management of process. Competitive bidding can mobilise stakeholders around a proposition, but it is also resource-intensive both for bidders and evaluators. It needs to be backed up by effective systems of knowledge transfer and feedback both from the bidding/assessment process and implementation so that lessons are captured and, where appropriate, inform the roll-out of modelled approaches on a broader basis. A starting point for this would be transparency about the rationale for choosing selected schemes, and constructive feedback to non-selected schemes. The objectives reflect responsibilities across a wide range of Government departments and, on issues such as innovation, extend into territory where greater expertise may reside in arms-length bodies such as Innovate UK. Appraisal arrangements should therefore draw upon an appropriate breadth

of expertise to ensure bids are rigorously and objectively tested. Robust knowledge transfer arrangements should also then be reflected in evaluation mechanisms (Q66).

Public and private sector partnerships

Q62: What are the advantages and/or disadvantages of asking MCAs/CAs where they exist, and LEPs where they do not, to support a single application in their local area? In what circumstances should this be flexed to allow for more than one application? Free text box

It seems inevitable that this consultation will be accompanied by a 'shadow' bidding process even before the policy parameters and criteria have been worked out. Government needs to think carefully about the best way of determining the coverage of freeports across the UK. Local devolution is unevenly distributed around the country, ensuring appropriate checks and balances in the governance and selection processes will need a thoughtfully nuanced approach.

As noted in response to Q64, local partners' support will be crucial to ensure that Freeports proposals are well integrated with local priorities and the fabric of place within which they are located. Having established LEPs as the preferred model for driving economic growth, we would expect Government to require as a minimum that proposals should also clearly have the support of the relevant LEP (and/or MCA/CA where these exist). But we do not see that LEPs should be limited to backing a single proposal. Nor does it seem appropriate for MCAs/CAs or LEPs to lead on submitting applications unless they have a determining interest in the land that puts them in a position to drive forward proposals in the public interest. In the South East, for example, given the number of strategic port sites and potential bid locations situated within the SELEP area, it would not be reasonable to expect the LEP to select a single proposal or even prioritise between competing bids. LEPs' support should be consistent with their extant or emerging Local Industrial Strategies and they should be at liberty to withhold their support from any proposal that is considered not to be in the wider socio-economic interests of their area.

Q63: What are the advantages and/or disadvantages of enabling ports to submit applications for Freeport status directly to central government? Free text box

Q64: Please outline the most effective models for partnership between private, public sector and local economic partners to design and submit applications. Free text box

It is not likely to be appropriate for public authorities to lead on the technical aspects of geographic Freeport proposals. But nor should this process be driven by potential Freeport operators. It is crucial that proposals have buy-in from all sectors, to avoid the risk of ongoing conflict between a Freeport and other local interests, or a lack of integrated thinking and approach. Proposals should therefore demonstrate that they have been developed through an inclusive process and that the design of the proposals reflect the inputs and commitments from all relevant partners.

Q65: Please provide any other feedback you have on the allocation of Freeports not specifically addressed by any of the questions in this section. Free text box

The idea of Freeports gained increased attention in the context of Brexit, the UK's departure from the European Union, as a way of boosting the UK's competitiveness and productivity. The nature of the UK's trading relationships after 31 December 2020 remains unknown. Some of the questions and economic calculations in the consultation paper cannot readily be answered until those trading relationships and associated regime of tariffs and controls are better understood.

The consultation paper positions the Freeports idea within the Government's 'levelling up' agenda, in other words as a tool to boost economic performance of under-performing regions and the socio-economic challenges of 'left behind' communities. To fulfil such expectations Freeports policy needs to be part of a much broader programme of regeneration and economic stimulus.

The post-Brexit context has not gone away, but it has largely been eclipsed by the Covid-19/Coronavirus crisis ("the Crisis"). The Crisis, and responses to it by government, industry, and other sectors, is clearly

having immediate effects on the UK economy and society in general. But many of those effects could be enduring. Not all may necessarily be negative: for instance, experience of remote working and digital delivery of services could bring lasting change to the way some individuals and companies work, with a range of potential benefits including life-work balance and reduced carbon emissions from behavioural change in work-related travel. But significant support and stimulus will be needed to help the economy rebuild and recover from this shock, on top of the support that has been provided to try and sustain jobs and businesses during the crisis and its legacy in terms of increased government debt, unemployment and welfare demands.

Greater resilience will be needed across private sector industry, public sector, educational institutions, the third sector and civic society in general. Whilst the precise nature of threats and emergencies may be impossible, to predict, designing business continuity measures should be part of any company's planning. One of many challenges is that for companies whose priority is survival and recovery from this Crisis, proactive planning about how to meet the next may be low on their to-do list. This is one of the areas where effective business support will need to focus.

One positive we can expect to derive from this Crisis is innovation – in technology, logistics, business models, service delivery and human resource management amongst others. The policy response should be to create the conditions that will encourage innovation to support better outcomes, that deliver both economic and social value. Those conditions will be needed nationwide, and not confined to competitively selected areas. Freeports could take some time to establish, but there is an urgent need for short-term stimulus followed by sustained support using a range of regulatory, fiscal and policy measures. It is therefore critical that a refined policy around Freeports should be part of a coherent and comprehensive strategy for sustainable economic-led regeneration.

Q68: For the Freeport model described in this consultation, what might be an appropriate time period for incentives to initially operate for to give certainty to investors and businesses and provide an opportunity for the Government to evaluate their effectiveness? If you think the appropriate period could differ for different incentives within the Freeports model, then specify a different time period for each incentive. Free text box

This question touches on several different issues that need to be considered: the duration of eligibility for incentives; the duration of the incentives themselves; the impact when incentives cease; and the public value 'return'. The experience from Enterprise Zones is that 5 years can be too short a period to achieve maturity. Longer periods may be required – perhaps 7-10 years – to provide an acceptable horizon if significant investment is required to establish the Freeport. But it doesn't follow that businesses should necessarily benefit from incentives for the same period. A five-year limit on the entitlement to incentives for occupying businesses seems about right, but it may also make sense to allow a transitional period thereafter for incentives to taper down to avoid cliff-edge change in businesses' bottom lines.



The Thames Gateway Kent Partnership is a public-private partnership, established since 2001, promoting sustainable economic-led growth and regeneration in North Kent.

The top priorities in our *Plan for Growth 2014-20* are:

- Delivering growth in key locations
- Attracting and retaining investment
- Focusing on quality
- Supporting businesses – growth key industry sectors
- Supporting businesses – increasing innovation, enterprise and creativity
- Improving skills, qualifications and employability

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