

The UK Freeport Regime

What should you consider in a Freeport proposal?

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The UK government's deadline for submission of bids to secure a Freeport is fast approaching. All proposals must be submitted by noon on Friday 5th February 2021 via the Government's online portal. The UK government proposes to create up to ten Freeports in the UK and will work with the devolved administrations to ensure that there is at least one Freeport in each devolved nation – allowing the whole of the UK to share the economic benefits associated with Freeports. It has been confirmed by the government that should there be more than ten high quality proposals they may consider creating more than ten Freeports in the UK.

What is a Freeport?

A Freeport is a specialised zone and customs secure area in which business can be carried out within the UK's land border, but where different customs rules apply. These custom secure areas are to be located at any type of port, i.e. air, rail or sea. Freeports will be international, innovative hubs that aim to boost the economy by helping businesses to access a wide range of benefits, and to level up the country by bringing in new employment opportunities, investment and prosperity to the most deprived communities.

A primary customs site, of any size, is required within a Freeport – this can be designated in or near a port and could be in inland locations provided an economic relationship can be demonstrated between the site and port. Where an economic case can be made, there may also be additional customs subzones within the Freeport, and Freeports will also require a tax site where tax reliefs will apply. All these sites and subzones will be contained within a Freeport Outer Boundary with all measures applying within this boundary.

What should be included in a Freeport Proposal/Bid?

All bids must be completed in line with the Government's Bidding Prospectus (this applies to England only) which was published in November 2020.

The questions to be answered within a proposal are split into two main sets; essential information (the minimum information necessary to submit a bid), and detailed bid information (the proposals for implementation and delivery of the Freeport). The government will fairly and effectively assess bids, and all information will be assessed in accordance with the marking scheme contained in the Bidding Prospectus.

The proposal must explain how the bidder (through their use of the economic benefits, powers and funding streams available to Freeports) will meet the governments three main Freeport objectives and the outcomes within these when delivering their Freeport. These objectives are:

1. To establish Freeports as national hubs for global trade and investment across the UK;
2. To promote regeneration and job creation (the lead policy objective); and
3. To create hotbeds for innovation.

Proposals must also include a 'logic model' diagram. This should provide an overview of the links between activities carried out and the inputs, outputs, outcomes and impact the proposed Freeport model will have and how these meet the Freeport objectives and outcomes.

In order to evidence how the Freeport will be managed and delivered in accordance with best practice and what arrangements are in place to manage risks, the following should also be annexed to bids submitted:

- An implementation plan (which should include steps to be taken to apply Freeport measures, to complete the required development and deliver the Freeport Strategy);
- A risk management framework (to identify, mitigate and manage risks throughout delivery of the Freeport, including a risk register, and details of arrangements in place to manage any risks which should arise);
- A written submission on management and capability (a firm written commitment from the port and associated local authority, and local political leaders to support private sector partners in effective, timely delivery of the Freeport).
- Contact details for the Senior Responsible Officer for the programme.

Governance and delivery of a Freeport

The government does not require bidders to have formal governance in place at the point of bidding or potentially winning; a Freeport bidding coalition with informal steering groups is enough at this stage. However, it is requested that proposals make provision for a future Freeport Governance Body which will oversee and govern the Freeport.

Any degree of formality and legal structure will be accepted for the governance structure, as long as this complies with the following:

- It provides a clear justification for the level of governance structure required to deliver the Freeport bid, with evidence of significant private sector support and inputs such as investment or land;
- Contains a decision-making structure which preserves the local authority/Maritime and Coastal Agency's (MCA) ability to be meaningfully accountable for the spending of public money.
- Meets the governments three core standards on:
 - Effective structure;
 - A Freeport Governance Body with a clear decision-making process;
 - An identified chair of the Freeport Governance Body; and
 - A clear proposed structure which supports effective decision-making.
 - Effective personnel; and
 - A Freeport Governance Body with the ports, councils and representation from any stakeholders, if involved.
 - Effective functions
 - The Freeport Governance Body must be able to complete the eight functions that the government provides for in the Bidding Prospectus.

Successful bidders will work with the government to ensure their proposed governance is robust, and once locations are confirmed, short-term revenue funding will be provided to help with local governance set-up costs or coordination in the first year. Freeport Governance Bodies will work with the government's Freeport team to ensure they maintain alignment with national policy and that the Freeport delivers on monitoring and evaluation commitments.

The Freeport must also meet the following delivery requirements:

- Driving and supporting the decarbonisation agenda and reaching the net zero ambition;
- Minimising environmental impact and other considerations, and compliance with environmental regulations and standards;
- Preventing illicit activity by carrying out checks on businesses trading and implementing security against illicit activity on the sites.

Should you be considering a bid for a Freeport and you need any support please do contact [Peter Ware](#) who would be delighted to help.

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