Liverpool City Region Freeport

Full Business Case

November 22, 2022
Final Version

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AMION CONSULTING

LIVERPOOL CITY REGION COMBINED AUTHORITY

METRO MAYOR LIVERPOOL CITY REGION

Full Business Case

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Final

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Liverpool City Region Freeport

Executive summary

1. Introduction

The Liverpool City Region Freeport is making great strides with the support of a wide range of stakeholders. The LCR Freeport Outline Business Case (OBC) has been approved; the Management Board, Chair, and Executive Director have been appointed and commenced work; and commercial partners are fully engaged. The next step is the completion and adoption of the Full Business Case (FBC), of which this is a summary, that will help operationalize the Freeport over the coming year and beyond. The Freeport will deliver on the ambitions of the Liverpool City Region Combined Authority and local stakeholders, and Government's expectations, to generate high quality jobs and sustainable, environmentally conscious development for those living and working In the City Region. It will make a significant contribution to levelling up, both within communities and as part of the wider Northern Powerhouse proposition.

2. Refining the Outline Business Case (OBC)

The FBC, significantly strengthens the plans for a LCR Freeport. Set out in Appendix U are the FBC responses to substantive actions brought forward from the finalisation of the OBC.

3. The strategic case

The LCR CA and partners are seeking final approval for an inclusive, low carbon, modern multi-modal, multi-gateway trade and logistics platform across a network of key sites which will attract high value inward investment. It will support growth and quality employment in key sectors and help regenerate communities across LCR through industry, innovation and collaboration.

The LCR Freeport will comprise three combined tax and customs sites and a primary customs site at Liverpool John Lennon Airport[1]. Key ports and rail locations are known as LCR Freeport Gateways. It will benefit from existing and planned strategic multimodal infra-structure assets across air, maritime, rail and road. A key asset will be the Port of Liverpool which is a deep water, large vessel port capable of handling post-panamax sized vessels and which, with its strategic west coast location, is ideally positioned to enable the UK to fulfil an enhanced role in global trade.

The LCR Freeport benefits and proposed seed capital investment will be focused on unlocking four strategically significant sites comprising derelict dockland and former colliery and industrial land:

- **100 ha of land at Wirral Waters.** The focus will be on securing the circa 1m sq. ft Marine, Energy and Automotive (MEA) Park by addressing significant viability issues which result from a combination of low property values and high abnormal costs associated with the site's former uses. There are major opportunities to secure high value investments in the low carbon maritime, civil nuclear, offshore wind and advanced automotive sectors (in particular the component suppliers and manufacturers in hybrid and electric vehicle supply chains). A range of future development sites have been identified across the Northside regeneration area and set up in this FBC;
- **53 ha of land at 3MG** where the package of Freeport levers will help secure occupiers in key sectors by building on the location's significant transportation assets (e.g. new Mersey Crossing and Eddie Stobart

[1] The Wynne Aviation CSO application is well advanced with HMRC. A further site visit is planned and an approval for CSO status expected in April 2022.

Rail Terminal) and existing sectoral and innovation strengths (e.g. hydrogen HyNet and Alstom and Sci-Tech Daresbury);

- **161 hectares (ha) of land at Parkside East and West in St Helens** - by addressing funding gaps on key infrastructure thus enabling some 550,000 sq. ft of logistics development in Parkside West Phase 1 and a Strategic Rail Freight Interchange as a core part of future phases associated with Parkside East; and
- **unlocking the strategic multimodal (port, rail and road) location at Port Weston** on the Manchester Ship Canal, by providing accommodation for a range of key sector opportunities, including advanced logistics, automotive and hydrogen related manufacturing and innovation.

Public investment from the Seed Investment Fund will address severe market failures across the three tax sites and help unlock the Port Weston future customs site, funding enabling infrastructure and reducing a range of viability challenges which have meant they have remained undeveloped for decades. All sites have a positive planning context and have developer and investment partners secured to promote and deliver the scale of opportunity available.

The Freeport development will be supported by a complementary programme of skills and employment access thus enabling left behind individuals from communities in adjacent areas to benefit from the opportunities created. This will be combined with a proactive approach for employers to commit to best practice policies for workers such as the area's Fair Employment Charter. The forecast gross additional local jobs 10,628 that would be generated by the LCR Freeport would represent a major stimulus to the area's economy – representing over 20% of the current LCR unemployment total. It will increase the employment rate, improve skills and productivity, as well as helping to tackle deprivation.

The development of the LCR Freeport is an integral element in a significant economic development programme of wider investments in strategic innovation, transport and knowledge infrastructure across LCR. Examples of such investments that will directly support the attraction and development of Freeport investment and businesses include:

- **SuperPort -** recognising the combined importance of an expanded Port of Liverpool and a widening of the Panama Canal to create a globally competitive multimodal port proposition comparable to New York, Dubai and Singapore.
- **Port of Liverpool Access Project** –a scheme promoted by National Highways to address air quality and congestion issues on the primary highway route to and from the Port of Liverpool.
- **HyNet** – providing the critical infrastructure to support the green industrial revolution and the transition to Net Zero. It allows key growth sectors and high energy users including manufacturing and transportation businesses to transition from a reliance on carbon-based energy and fuel sources to hydrogen. HyNet will help stimulate clean and green business co-location alongside hydrogen fuel and other renewable energy production.
- **Maritime Knowledge Hub** - providing expertise and support to SMEs for the development and adoption of innovation in the maritime sector thus supporting the decarbonisation aspirations of the UK's Maritime 2050 strategy.
- **Digital Fibre Network** - a fibre backhaul network for the City Region connecting all major employment zones and key innovation assets (including the Hartree National Centre for Digital Innovation at Daresbury Science Park and the transatlantic fibre cables which come onshore on the Sefton coast). The route will ensure all businesses on the tax and customs sites will have access to high quality fibre cabling.

- **Sci-Tech Daresbury** - a national asset and home to the Hartree National Centre for Digital Innovation. This key facility has recently been enhanced through a £210m investment from Government and IBM into the Hartree National Centre for Digital Innovation accommodating world leading expertise in AI and quantum computing.
- **Glass Futures** – an industry backed organisation leading collaboration across some of the largest companies in the global glass industry, together with academia and government.
- **National Packaging Innovation Centre (NPIC)** – LCR CA is currently looking to develop a National Packaging Innovation Centre in collaboration with Unilever and the Centre for Process Innovation. It will create an internationally significant, open-access innovation centre focused on the commercialisation of innovative sustainable packaging solutions for industry.
- **Health Innovation Liverpool (HILL)** – a £200m project building on the growth of life science and health innovation in the city by linking up world-class health and life science assets, combining world class research and advanced digital technologies.

The LCR Freeport targets markets where the region has demonstratable existing strengths as identified in the Plan for Prosperity (the revised Local Industrial Strategy). These include:

- Aerospace, Maritime, Energy & Automotive – with a specific focus on transition to electrification and low carbon fuels including hydrogen. Key existing businesses include Peel Ports, Cammell Laird, Bibby, BAE, Bentley, Ford, JLR, Stellantis.
- Bio Manufacturing and Chemicals – key opportunities relate to pandemic resilience, vaccine supply chain, advanced chemicals manufacturing (existing businesses include AstraZeneca, Seqirus, Teva, Bristol Myers Squibb)
- Food and Drink and Fast Moving Consumer Goods (FMCG) – with a focus on packaging and logistics. Key businesses include Heinz, Unilever).

These sectors will also drive significant demand for professional services and create upstream clusters in associated sectors and supply chains across the City Region as a whole. Such 'enabled growth' will include manufacturing associated with global supply chains, civil nuclear, health and life sciences, hydrogen, low carbon transport in maritime, logistics and rail sectors and low carbon energy, including offshore wind.

Since the announcement of the LCR Freeport there has been a significant increase in the number of investment enquiries to the City Region, particularly relating to the automotive sector. The LCR Freeport will target global markets for enhanced inward investment and trade. Positive discussions with US ports and a range of EU countries and business interests have already been undertaken. The region's extensive cultural and investment connections with China will be utilised. High tariff, high value markets and partner countries which will find the customs and tax measures of most interest will be targeted.

The proposed investment sites comprise a unique package and present significant (and complementary) strengths to realise these opportunities for growth:

- **Wirral Waters** – has significant potential to expand on the existing cluster of port-centred logistics activity linked to the Port of Liverpool, to support growth in economic activity and trade - in particular with the US. Further opportunities lie across a wide range of maritime and advanced manufacturing sectors with particular opportunities arising from the close proximity to a number of prime automotive companies and an ability to serve offshore wind markets.

- **3MG** - benefits from ship canal, rail and road connectivity and is already home to significant industrial and low carbon energy operations. Alstom's rail facility, Stobart's biomass energy plant and the Stobart Rail Terminal (with access via the Channel Tunnel to EU) provide a compelling strategic location for further investment in logistics capability and low carbon energy, including the development of hydrogen powered trains.
- **Port of Weston** – is well positioned for expanding on the area's hydrogen capability and existing bio manufacturing assets nearby.
- **Parkside East and West** - is the largest strategic employment site in LCR. The Parkside West scheme is focused on advanced logistics and manufacturing. Parkside East has the opportunity to develop a Strategic Rail Freight Interchange and is also well suited for low carbon energy production and a range of manufacturing uses, especially food manufacturing.

The LCR Freeport will unlock over 310ha of land for development and over 700,000 sqm of commercial floorspace and result in over £150m of total investment in the first 10 years. It will:

- **establish a hub for global trade and investment** and be the primary UK west facing multi-modal global gateway for trade;
- **attract over £150m of new investment over the first 10** years across sites that have suffered from decades of underinvestment;
- **deliver local regeneration** including through the re-investment of retained business rates;
- **offer substantial economic impacts** support the creation of an net additional GVA per annum of £379.2m and create over 10,000 net direct and indirect jobs in keeping with the Metro Mayor's Fair Employment Charter and with the support of the LCR Freeport Skills Fund and Skills Academy;
- **create a hotbed of innovation** with support from a LCR Freeport Challenge Fund and the LCR Freeport Living Lab (a programme connecting identified business challenges with knowledge holders and universities able to provide research solutions); and
- **help deliver Net Zero ambitions** – LCR was the first combined authority in the country to declare a climate emergency. Freeport funding will enable research and demonstration projects to be delivered which will showcase low carbon solutions across the LCR

4. The economic case

The economic case identifies and appraises different options for the LCR Freeport and recommends the option that offers the best value for money to society, which includes wider social and environmental effects as well as economic value. The methodology used to develop the FBC is consistent with the HM Treasury's Green Book (2020) and the former Department for Communities and Local Government's (DCLG's) Appraisal Guide (2016).

Three options were shortlisted as fulfilling most of the critical success factors, in addition to the reference case option:

- **Option 2: Minimum viable case** – a minimum package of investment (£18m) in support of the strategic Freeport objectives across designated investment priorities and the wider LCR;
- **Option 3: the Central case** – the full package (£25m) of seed fund investments, accelerating investment across designated sites within the Freeport timescales while maximising the potential for wider benefits across the wider zone.

- **Option 4: The extended case** – an extended package of investment (£45m) intended to drive all aspects of growth across the tax and customs sites with an improved support package for skills and innovation.

The benefit cost ratio for option 3 has been projected as over 3 and this offers the best package of benefits relating to the proposed freeport investments.

5. The financial case

The financial case sets out how the Freeport Management Team is to be funded and how the cost of the team will be supported directly and indirectly by the LCR CA and by the Freeport partners. The Freeport Management Team will cost in the order of £300,00 per annum and rely on c£150,000 of in-kind support to enable those roles to have the required impact.

The funding indicated as being available to those key infrastructure projects (identified for part-funding from the Freeport seed funding) totals some £76m, whilst other Freeport development projects are projected at £143m derived from retained business rates funded through Tax Increment Finance (TIF) schemes.

In total, projections illustrate that Department for Levelling Up, Housing and Communities (DLUHC) funding over a 10-year period of some £1.4m revenue-related and £25m capital-related induces a programme of funding and investment from other public sector and private sector partners of up to some £1bn.

6. The commercial case

The LCR Freeport partners are clear in their expectations that all private and public sector partners participating in the delivery of sites will drive local impact from economic investments which are focused on key sectors and which address specific local issues currently preventing local communities benefitting fully from economic growth.

Moreover, of importance to the LCR Freeport partners is the initial Gateway Policy which has been developed in order to prevent inappropriate investment and minimise negative impacts of displacement associated with Tax and Customs sites.

The plans to activate the Tax Sites, establish Tax Increment Finance arrangements to underpin investment in the sites and secure the seed investment funds are set out in the Commercial Case along with the key milestones for this activation process.

7. The management case

The LCR Freeport is already being overseen by a highly experienced cross-sector partnership Board and supported by a proactive, expert Management Team leading and coordinating the key workstreams set out in the FBC. A robust and clear monitoring and evaluation process will enable the real time tracking of LCR Freeport delivery and the realisation of benefits.

The Terms of Reference for the Freeport Board have been determined, the Independent Chair has been competitively selected and appointed, and the Management Board of twelve permanent members has been established. The Board has all but one position filled and met for its first formal meeting on the 11th April 2022. The Board approved its Terms of Reference and the Terms of Reference for the Operations Group which will meet monthly to support the work of the Management Team. Members of the Operations Group will be nominated by the Freeport Board members and the Group will be chaired by [redacted] the Freeport Director.

The Management Case also includes:

- a stakeholder engagement plan;
- arrangements to build local expertise in Tax Increment Finance, skills, innovation and decarbonisation;
- a risk management strategy, building on the LCR CA's own strategy;
- the proposed approach to security and operational risks; and
- a monitoring and evaluation plan including the data and evidence to be collected for this purpose.

8. Conclusion

The LCR Freeport represents a unique opportunity to provide substantial local and regional economic benefit while delivering major trading advantages for the UK economy. Overall, the FBC demonstrates that the proposed LCR Freeport, led by its Management Board and with the LCR CA as its Accountable Body, is supported by a robust strategic case, offers value for money and can be delivered successfully.

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Foreword

As Chair of the Liverpool City Region (LCR) Freeport, it is my pleasure to submit this Full Business Case on behalf of our Board and all the stakeholders in our partnership. The Liverpool City Region Freeport has already made great strides with the support of many local and national partners. The Outline Business Case (OBC) has been approved; the Management Board, Chair, and Executive Director have been appointed and commenced work; commercial partners are fully engaged, and infrastructure improvements are already in train.

This Full Business Case (FBC) will help operationalize the Freeport over the coming year and beyond. The Freeport will deliver on the ambitions of the Liverpool City Region Combined Authority and local stakeholders, and Government's expectations, especially on our commitment to create good quality jobs—a race to the top for those in the community seeking new opportunities in the labour market. The Freeport will deliver sustainable, environmentally conscious development for those living and working in the City Region. It will make a significant contribution to levelling up, both within communities and as part of the wider Northern Powerhouse proposition.

The Liverpool City Region already has some powerful economic strengths and the FBC sets out carefully selected target sectors where new business activity will flourish. These include businesses in innovation, maritime and digital expertise, our distinctive multi-modal infrastructure, and advanced manufacturing supply chains. The scale of the Freeport opportunity will help to further cement these competitive advantages in a way that benefits not just the Liverpool City Region but the wider North of England region and the whole of the UK.

While the FBC reaffirms our ambitions, it is hard-nosed and detailed in how we are taking forward the Freeport. It has specifics on the way in which combined public and private investment funding will be deployed to bring world-class business sites to the market. It has a carefully constructed approach to attracting the right businesses aligned with our economic priorities. It outlines a proactive approach to building skills among our local residents so they can meet employer needs and access new jobs in the area. This will be underscored through seeking employers to commit to best practice policies for workers such as the area's Fair Employment Charter. We will also deploy a well-structured monitoring and evaluation system, so we can track progress, make real-time adjustments, and deliver on value-for-money.

LCR Freeport is an asset for "UK PLC." It is a cornerstone of our City Region's economic development landscape in the years to come. Leveraging the distinctive and large-scale opportunity that it brings, will deliver for our economy and for our people. Ultimately the Freeport will help us achieve our ambitions for a Stronger, Cleaner, Fairer City Region.

Thomas O'Brien, Chair of the LCR Freeport

1 Strategic Case

1.1 Introduction

The Strategic Case sets out the context and rationale for establishing the LCR Freeport, in particular:

- the core rationale, including strategic Freeport vision;
- the target markets for LCR Freeport;
- the LCR Freeport value proposition;
- proposed levers and interventions;
- projected outputs and outcomes;
- how the three tax sites will be activated;
- LCR Freeport's decarbonisation plans; and
- the plans for striving for equalities.

The Strategic Case is focused on the case for tax sites in St Helens, Wirral and Halton and customs sites in locations across the Liverpool City Region and a future customs site at Port Salford in Greater Manchester. Investment is focused on four key sites: Wirral Waters, 3MG, Parkside and Port Weston. Port Weston is an important potential investment site and is one of the proposed Customs Sites. There is also opportunity to consider new Freeport investment associated with designated customs sites at Liverpool John Lennon Airport, to be explored further as the freeport commences operations. The LCR Freeport benefits from strategic multimodal infrastructure assets across air, maritime, rail and road near major population centres in Liverpool and Manchester. Port of Liverpool is a deep water, large vessel port capable of handling post-panamax sized vessels and is of national significance for its strategic west coast location, ideally positioned for an enhanced role in global trade and logistics. The investment in LCR Freeport sites will be supported by a coordinated, locally inclusive programme of skills, innovation and trade and investment promotion across the Liverpool City Region and Freeport outer boundary.

The LCR Freeport has the unique opportunity to position the combined opportunity of the LCR's major employment sites and the region's strategic infrastructure with a programme of skills and innovation support to realise the shared strategic vision for Freeports in the UK. The strategic case sets out the national, regional and local policy objectives delivered by the LCR Freeport and the substantial range of economic, social and environmental benefits to the region, none of which are deliverable in the timescales without the creation of an LCR Freeport.

LCR is the most deprived LEP area in the Country, with a third of all City Region lower super output areas (LSOAs) in the most deprived decile in the UK. The Tax sites are adjacent to some of the most deprived neighbourhoods in Wirral, St Helens and Halton. For example, Wirral Waters and the MEA Park is located in Birkenhead, which is amongst the 10% most deprived neighbourhoods nationally. The scale of deprivation, and the impact this has on economic growth and productivity, underlines the need to regenerate these neighbourhoods.

The Tax Sites are located in areas that are particularly in need of levelling up: Birkenhead is within the worst 1.5% of LSO Areas in terms of employment and income deprivation and Halton and St Helens are within the worst 10% of local authorities in terms of deprivation.
From 1998 – 2019 the average economic growth rate in LCR was 1.6%, lower than the 1.9% national rate and the Productivity Gap has been widening in recent years. The LCR Region has high levels of unemployment – data from October 2021 showing that LCR claimant count level of 5.9% compared to that across Great Britain of 4.8%. The employment rate is also low, at 2.3% below the UK average of 75.3%. In the most recent UK Innovation Survey 2019 (BEIS), the LCR LEP area had the lowest proportion of innovation active businesses at 24.1% compared with an England average of 38.4% and the highest performing LEP (Oxfordshire) with 53.3%

LCR Freeport is a key part of the region's regeneration programme and makes a significant contribution to levelling up, both within communities and as part of the wider Northern Powerhouse proposition. The LCR Freeport Investments are targeted at locations where the regeneration opportunity is greatest and through a programme of skills and employment access and promotion will help support left behind communities to achieve their potential.
The logic model for the LCR Freeport which illustrates how the core components link together is set out in Annex A.

1.2 Strategic rationale

1.2.1 The rationale for public intervention

The Liverpool City Region was the global trading heart of the UK during the Industrial Revolution. LCR Freeport is a unique opportunity to invest in the key strategic sites to bring a critical mass of investment and opportunity to secure the region's future growth and success. Strategic projects such as the HyNet (low carbon hydrogen) project and the strength of key traded sectors and existing prime businesses combined with the strategic location and skills and innovation assets provide a compelling cocktail for growth across sites that have been underinvested in for decades. The LCR Freeport sites are made up of former colliery land and vacant and derelict dockland and industrial sites. They are situated in locations which exhibit significant social problems, economic deprivation and regeneration need. They are 'left-behind' locations. Importantly, they also support levelling up across the wider City Region, with the opportunity of creating jobs at a scale that supports many of LCR's communities forming part of the travel-to-work area that is the city region.

The LCR Freeport will support investment in these locations by increasing trade to the region, innovating new technology and solutions to the major challenges facing society and the environment, and provide the compelling vision to attract and retain talent, create jobs and grow the economy.

Public investment will address severe market failures across the four strategic sites, funding enabling infrastructure and reducing a range of viability challenges which have meant the sites have remained undeveloped for decades. All sites have a positive planning context and have developer and investment partners secured to promote and deliver the scale of opportunity available.

The forecast gross additional local jobs (10,628) that would be generated by the LCR Freeport would have a significant impact on local unemployment – reducing the current LCR number of unemployed (34,400) by 30%. It will increase the employment rate, improve skills and productivity, as well as helping to tackle deprivation.

The strength of the region's multi-modal assets has been set out in the region's SuperPort concept and whilst the Port of Liverpool has seen significant recent growth, this has not resulted in the expected investment in the key sites. Key sectors aligned to Freeport enabled growth across LCR include logistics (the infrastructure of property transport and systems that facilitate trade), manufacturing associated with global supply chains, automotive (in particular, growth in suppliers to support electric drivetrains), civil nuclear, health and life sciences, hydrogen, low carbon transport in maritime, logistics and rail sectors and low carbon energy, including offshore wind. The Freeport levers address the infrastructure requirements of these sectors and address at site level the particular market failures preventing or frustrating development and job creation.

To ensure the full benefit of the increased trade through the region's major logistics gateways, the public investment in the key sites is also required. Investing in these sites will enable the local processing of imported goods and promote value added manufacturing and operations for both local and international markets. This will drive further investment, co-location, demand and good quality employment in key sectors and associated professional services.

1.2.2 Why a Freeport is the correct response

Since the announcement of the LCR Freeport there have been 37 investment enquires, a significantly higher level than usual. Of these, 23 relate to the Advanced Manufacturing sector, including Automotive (8), Biomanufacturing / Life Sciences (3) Chemicals (1), Foundation Industries (7) and a range of enquires across Green Energy, Robotics, Logistics and Maritime. These enquiries have come from the UK, USA India, Germany, Luxembourg, Ireland, China, Italy and France.

The opportunity to address the abnormal costs of development with a compelling overarching trade and investment promotion message with the supportive range of benefits across the tax and customs sites will provide an unprecedented offer to attract international and UK investment in the key sites and sectors.

The region has had some limited success with place-based investment programmes, in particular the Enterprise Zones which also received significant public sector investment. The experience of LCR is that when both the investment incentives to occupiers and investments in land and key infrastructure are available, the partners have the knowledge and determination to unlock new investment and drive regeneration. Freeport provides the opportunity to extend this across the region's major strategic sites.

Freeport will help attract 'in group' investment by multinational companies present in the region, supporting existing sites across the City Region's key sectors, in particular health and life sciences. Notably, Freeport is well placed to support the High Potential Opportunity for Vaccines being developed with the Department for International Trade.

LCR Freeport is a key component of the Region's Innovation Ecosystem and will help drive objectives to meet climate change targets by delivering sustainable, digital, low carbon transport and manufacturing technologies (including hydrogen deployment).

1.2.3 The need for the investment of public funds as seed capital

The investment of seed capital at two of the three Tax Sites (Parkside and Wirral Waters) and one Customs Site (Port Weston) will provide the essential infrastructure funding required to unlock transformational levels of investment by the private sector and bring into use the largest vacant and derelict sites, all of which are in close proximity to the region's major transport infrastructures and other LCR Freeport sites. Public investment is required to:

- **enable c1m sqft of phase 1 development of advanced logistics and manufacturing at Parkside West**, delivered by Parkside Regeneration a Joint Venture between Langtree Property Partners and St Helens Council, by addressing the £9m funding gap on the Parkside Link Road;
- **unlock the c1m sqft Marine, Energy and Automotive Park at Wirral Waters** by addressing significant viability issues with industrial development due to a combination of low property values and significantly high abnormal costs associated with the sites former uses;
- provide the necessary package of Freeport levers i.e. tax and national insurance reliefs and capital allowances to secure occupiers in key sectors to the 3MG sites, accelerating investment and building on the location's key road (new Mersey Crossing) and rail connections (Stobart Rail Terminal with connections to EU), hydrogen (HyNet and Alstrom) and chemicals manufacturing and innovation assets (including Sci-Tech Daresbury);
- **unlock the strategic multimodal (port, rail and road) location at Port Weston** on the Manchester Ship Canal, providing accommodation to a range of key sector opportunities, including advanced logistics, automotive and hydrogen related manufacturing and innovation; and
- **deliver a coordinated programme of trade and investment promotion, skills and innovation activity** which address the negative externalities, e.g. congestion, air quality and environmental issues associated with Freeport growth and ensure that innovative solutions are delivered locally with employment focussed on the communities where unemployment and social and economic inequality is high.

1.2.4 What would happen in the absence of intervention

Without public intervention the conditions outlined above which have prevented investment will prevail. The high levels of unemployment will persist while the volumes of trade through the Port of Liverpool continue to grow, with inefficiencies continuing in the movement of goods both within the City Region and across the country.

Without investment at Wirral Waters, only c70,000sqft (c5%) of accommodation will be delivered over the next 5 years and opportunities to secure high value opportunity investments in the low carbon maritime, civil nuclear sector, offshore wind and advanced automotive sectors foregone (in particular the component suppliers and manufacturers in the hybrid and electric vehicle supply chains). The location has started to see investment in residential and skills sectors but not in the key employment creation sectors.

Significant opportunities to advance skills and investment opportunities with a focus on modular construction have been identified with aspects of the Wirral Waters residential developments being constructed using modern methods of modular construction with aligned modular method of construction courses at Wirral Met College on site. Applying modular construction methods to the civil nuclear sector with local maritime manufacturing expertise from Cammell Laird is a major opportunity which is unlikely to occur at this location without public intervention.

Port Weston Customs Site will remain underused (primarily used for open storage with the potential to develop over 13 acres) and largely vacant without the required highway, rail and port centric investments. 3MG sites will take longer to deliver and will likely fail to attract the range of value-added occupiers necessary to drive the full regeneration value of development at these locations.

3MG and Port Weston have been promoted for development for over 20 years are unlikely to progress in the next 5 years without Freeport status and the tax measures at 3MG and Seed Investment Funding at Port Weston.

Without investment in the Parkside Link Road, the investment in the phase 1 (circa 1m) sqft of advanced logistics and manufacturing space will be delayed until such time as alternative sources of funding can be found and confidence in the scheme impacted negatively. Delay at Parkside would have a major impact on the creation of net additional jobs and the ability to generate scale of business rates required to support the future operation of the Freeport. The remainder the of scheme (some 4.5m sq ft) would not come forward without the Link Road.

Without Freeport investment, the negative externalities of growth associated with increased trade through the Port of Liverpool will fail to be fully addressed. It is also unlikely that without intervention the innovation solutions relevant to the logistics sector, including decarbonising the sector, will fail to progress at the scale necessary to meet the ambitious national and local climate change targets.

Without the skills programme and targeted partnership with Further Education colleges, mapped to the region's transport plan, the opportunities created across the region will not serve the communities most in need of skills and employment opportunity, particularly at the unique scale and pace that the LCR Freeport can enable.

Finally, without Freeport investment, intervention and status, the region risks falling further behind other parts of the UK and further exacerbating the need for levelling up and regeneration. Freeport status creates a level playing field across strategic port sites across the UK and provides low tax and investment incentives comparable with those available to international strategic investment locations. The international context for major business in the region means that without the Freeport, multinational business interests may favour international investment in other locations. Related to this, given the strategic west facing position of LCR, an absence of Freeport investment could result in a lack of optimisation for UK trade and investment with North American markets.

1.2.5 The high level, strategic interdependencies of the Freeport

The development of the LCR Freeport is not being brought forward in an opportunity vacuum and will benefit from and contribute to a significant programme of wider activities and investments across the Liverpool City Region. The projects outlined below support the effectiveness and expected outcomes associated with the LCR Freeport – they are drivers of innovation, investments in strategic infrastructure (innovation, transport and knowledge) and evidence that planned investment in public transport can directly facilitate the physical transport connections required to ensure the levelling up of opportunity is secured across LCR.

The key interdependencies of the Freeport are:

Port of Liverpool Access Project – National Highways are promoting a scheme to address air quality and congestion issues on the primary highway route to and from the Port of Liverpool. LCR Freeport will support the Port of Liverpool Access Steering Group and engage with the group on supporting innovation and development of solutions to help mitigate the negative externalities of growth in trade from the Port of Liverpool.

HyNet – HyNet partners have secured Track 1 status and the investment to generate clean hydrogen and the infrastructure to capture and store the associated carbon dioxide emissions. HyNet investment in a regional hydrogen pipeline is a transformational opportunity, allowing manufacturing business to transition from natural gas to hydrogen, enabling them to remain in the UK whilst driving down carbon emissions. The infrastructure will attract high intensive processing and manufacturing businesses looking for a clean and reliable source of hydrogen.

Port City Innovation Hub (aka Maritime Knowledge Hub) - This will provide expertise and interventions to SMEs to help support the development and adoption of innovation in the maritime sector, including supporting the decarbonisation aspirations of the UK's Maritime 2050 strategy. The Hub has been designed in collaboration with Mersey Maritime, Wirral Council, the University of Liverpool, Peel Land and Property and Liverpool John Moores University. Wirral Chamber are supporting a Port City Innovation Hub Accelerator project funded by ERDF with Mersey Maritime and University of Liverpool.

It is aligned directly with Freeport objectives, located adjacent to Wirral Waters and its clustering of advanced manufacturing activity. Delivery will be supported by the Wirral Waters Investment Fund, a TIF funding structure established by Wirral Council to promote development across the Enterprise Zone. This mechanism has supported the development of a pipeline of proposals, including investment proposals valued at more than £20 million.

Digital Fibre Network - Wider digital infrastructure will be a fundamental enabler to the success of the LCR Freeport. LCR CA has entered into a joint venture to implement and commercialise a fibre backhaul network for the City Region. This network will initially install over 200km of new fibre connecting all major employment zones within the City Region as well as key innovation assets (including the Hartree Supercomputer at Daresbury Science Park and the transatlantic fibre cables which come onshore on the Sefton coast). The route will pass all tax and customs sites ensuring businesses locating on these sites have access to high quality fibre cabling. LCRCA will be discussing with the JV partners as to the best approach towards the development of specific connectivity for each of the tax sites.

Investment in Innovation and Research and Development - LCR CA is making a significant number of investments in supporting innovation and research and development. Many of these will be complementary to the LCR Freeport. These include:

- Funding of next phase of expansion of Sci-Tech Daresbury - a national asset and is home to the Hartree Supercomputer. This key facility is designed to provide solutions to industrial challenges, and its national importance has been further emphasised recently through a £210m investment from Government and IBM into the Hartree National Centre for Digital Innovation, further converging world leading expertise in AI and quantum computing. It is envisaged that the facilities will support industrial application demonstrator projects relating to the Freeport amongst others.
- Glass Futures - industry backed Research and Technology Organisation leading collaboration across some of the largest companies in the global glass industry, together with academia and government. Based in St Helens, this global innovation and decarbonisation asset could link directly to future opportunities related to the Parkside tax site through foundational industry manufacturing, related supply chains and associated skills interventions.
- National Packaging Innovation Centre (NPIC) – LCRCA is currently looking to develop a National Packaging Innovation Centre in collaboration with Unilever and the Centre for Process Innovation. It will create an internationally significant, open-access innovation centre focused on the commercialisation of innovative sustainable packaging solutions for industry. The NPIC will seek to enable the UK to further anchor itself into the global packaging market and capitalise on the various opportunities that disruption in the industry currently presents. Given the scale of industrial activity anticipated on the tax sites, the opportunity to use the Freeport as a testbed for emerging packaging innovations is highly significant.
- The HILL (Health Innovation Liverpool) - with the HILL, LCR are building on the growth of life science and health innovation in the city. It is step one of an ambitious plan to link up world-class health and life science assets, combining world class research and advanced digital technologies. Given the identified importance of bio-manufacturing within this proposal, it is anticipated that this will complement future investments across the LCR Freeport.
- Manufacturing Technology Centre – LCR CA is supporting the Manufacturing Technology Centre (MTC) through funding their "discovery phase" looking at new techniques for housebuilding and retrofit. Building on the MTC's highly regarded skills and training centre, there is significant potential in future to support new, leading MMC and low carbon building developments across the LCR Freeport tax sites and supporting the development of the UK's MMC offer.

1.3 Target markets

The LCR Freeport will drive development in advanced logistics, manufacturing and research and development activities. The LCR Freeport Skills Academy and LCR Freeport Innovation Hub will be aligned to the Freeport's key growth and opportunity sectors. Note that in addition Appendix O provides granular detail around the target markets and their fit within the Freeport proposition.

LCR Freeport target markets are those where the region has demonstratable existing strengths and competitive advantage as identified in key LCR CA economic growth policy, including the Plan for Prosperity (the revised Local Industrial Strategy). The Freeport will support the future success of the key sectors and prime businesses crucial to the LCR and NW economy. The key sectors identified in the LCR Freeport are:

- Aerospace, Maritime, Energy & Automotive (Key Primes/Business supporting the LCR economy include Peel Ports, Cammell Laird, Bibby, BAE, Bentley, Ford, JLR, Stellantis) – with specific focus on transition to electrification and low carbon fuels including hydrogen
- Bio Manufacturing and Chemicals (Key Primes/Business supporting the LCR economy include AstraZeneca, Seqirus, Teva) – pandemic resilience, vaccine supply chain, advanced chemicals manufacturing
- Food and Drink & FMCG (key Primes/Business supporting the LCR economy include Heinz, Unilever) – focus on packaging and population centric logistics

The LCR Freeport sectors above are also expected to drive significant demand for professional services and create upstream clusters in associated sectors and supply chains across the City Region.

The focus of Wirral Waters and the MEA Park is the development of Low Carbon Maritime, Energy and Automotive supply chain businesses. The site's physical capability and synergy with the core challenges of Maritime 2050 and close involvement of Mersey Maritime (and their significant maritime member base) have resulted in the development of the MEA Park proposition. Partnerships between Peel and Cammell Laird have positioned the availability of suitable land and maritime manufacturing capability to offer fabrication and manufacturing capability across a wide range of maritime and advanced manufacturing sectors. The proximity to a number of prime automotive companies and ability to serve offshore wind markets have further focused the target markets for Wirral Waters.

3MG benefits from ship canal, rail and road connectivity with the area already home to significant industrial and low carbon energy operations. Together the location of Alstom's rail facility, Stobart's biomass energy plant and the Stobart Rail Terminal (with access via the Channel Tunnel to EU) provide a compelling strategic location for further investment in logistics capability and low carbon energy, including the development of hydrogen powered trains. 3MG and the Port of Weston are also well positioned for expanding on the area's hydrogen capability and existing bio manufacturing assets nearby.

Parkside East and West represent a unique opportunity to develop the largest strategic employment site in LCR. The Parkside West scheme is focused on advanced logistics and manufacturing. Parkside East could develop a Strategic Rail Freight Interchange by 2030 allowing for national and regional distribution by rail, further enhancing the region's strategic strengths in low carbon multi-modal freight infrastructure. The site is also well suited for local low carbon energy production and a range of manufacturing uses, focused here on food manufacturing.

The LCR Freeport will target global markets for enhanced inward investment and trade. Since the announcement of the LCR Freeport, discussions have progressed with US ports as well as a range of countries and business interests in the EU regarding high value markets and tariffs. The region has extensive cultural and investment connections with China and intends to build on these relationships for the benefit of the Freeport. A key focus of the LCR Freeport is to target high tariff, high value markets and partner countries who will find the customs and tax measures of most interest.

An overview summary of the Target Markets is provided at Appendix T and a rationale for the Tax Sites (extracted form the OBC Strategic Case) is at Appendix S.

Table 1 provides an overview of the key sectors by tax site, illustrating the barriers to growth and the expected Freeport Levers.

Table 1 – LCR Freeport Tax Site Key Sectors and Freeport Levers Overview

Freeport Tax Site	Key Sectors	Demand	Barriers to Growth	Freeport Levers	Freeport Management
Parkside	Advanced Logistics Advanced Manufacturing Low Carbon Energy Foundation Industry Manufacturing linked to Glass Futures	Strong demand for advanced logistics Strong yields - Fundable and deliverable	Highway Infrastructure (PLR) Serviced, available plots at scale with consent Rail access (SRFI)	Seed Investment Funding Tax measures to attract investment TIF to support future infrastructure investment at scale Customs designations enhancing efficiency and increasing opportunity for investment in trade and manufacturing in high tariff markets	Delivery of Seed Investment Funding Targeted Trade and Investment planning Focus inward investment, high value sectors (linked to LCR Sector Strengths) Support to LCR Freeport Academy and Innovation Programmes
3MG	Advanced logistics Advanced Manufacturing Low Carbon Energy Hydrogen Manufacturing	Longstanding Strategic Employment Site suitable for a range of occupier led development opportunities Complement existing businesses in the location in a	Viability requires support from tax measures to accelerate delivery Freeport enhances awareness and visibility of location and opportunity	Tax measures provide an enhanced occupier offer supporting the case for investment and widening the opportunity to attract value added uses	Management of Trade and Investment promotion and coordination with other freeport sites Linked to Stobart Rail Terminal

	Low Carbon Transport Chemicals Manufacturing	range of sectors with proximity to a strategic rail terminal, a commercial biomass facility, HyNet, and established chemicals manufacturing sector		Tax measures also support high value occupiers investing heavily in plant, equipment and new buildings Tax Increment Finance fund to support infrastructure requirements including re-opening Ditton Railway Passenger station	
Wirral Waters	Low Carbon Maritime Automotive, electric supply chain opportunities Low Carbon Energy Civil Nuclear Proximity to Maritime Knowledge Hub and University supported collaboration innovation and R&D	Sites supporting high value occupier requirements across the key sectors Development not supported by indigenous growth opportunities, focus on attracting major value-added operation in a key strategic opportunity	Partly remediated site with significant abnormal costs to realise full potential of site, at the dock edge, dock depth and graving dock aspects Bespoke package to attract occupier, intensive range of measures applied to address significant viability challenges Location at the end of the Wirral Peninsula means that sites to the South generally more accessible / desirable	Seed investment fund to help address abnormal costs and enhance viability Tax measures support high value occupiers investing heavily in plant, equipment, and new buildings Retained rates and capacity within the future TIF to provide bespoke measures to attract future investment	Administration of the Tax Increment Finance Fund Management of the Seed Investment Fund Promotion / development of key sectors Collaboration on Innovation and skills opportunities at MKH

1.4 Inputs and value proposition

The vision and value proposition for the LCR Freeport is for an inclusive, low carbon, modern multi-modal, multi-gateway trade and logistics platform with a network of key sites attracting high value inward investment, supporting growth and quality employment in key sectors to regenerate communities across LCR through industry, innovation and collaboration.

Freeport represents a unique opportunity to take a strategic approach to the acceleration of key employment sites and facilitate new investment in key sectors.
Key components of the LCR Freeport proposition are:

- A Freeport built on SuperPort - The LCR Freeport builds on the strategic importance of the region's ports and infrastructure assets and sets out the economic advantages associated with locating manufacturing and logistics capabilities in the region. The SuperPort recognises the combined importance of an expanded Port of Liverpool and a widening of the Panama Canal to create a globally competitive multimodal port proposition comparable to New York, Dubai, and Singapore.

- **Proximity to major population centres** - 35m people live within 150 miles of LCR. Proximity to skills and consumers is a major part of the Port Centric narrative, reducing national and regional lorry miles and enhancing the sustainability of supply chains.
- **Excellent strategic infrastructure** - excellent connections to the national motorway network and rail network enable logistics operators to service both Scotland and the South of England with same day deliveries.
- **A solid cross sector partnership** – experience across the City Region working across sectors, bringing the strengths of all sectors to achieve a collective aim. The Freeport has the support of the LEP, LCR Combined Authority and the six partner local councils.
- **Diverse range of assets with small number of key partners** – LCR Freeport is backed by the private sector. Key partners and investors include ABP, Freightliner, Stobart Rail, Potters Logistics, Peel Ports, Peel Land and Property, ISEC, Langtree Group, Esken, CDP (further details about private sector investment are available in Section 1.4.4).
- **Strong track record of skills delivery** – further education colleges are key partners to the LCR Freeport and provide the skills infrastructure close to the target communities, providing pathways for accessing employment across the Freeport locations.
- **Globally significant innovation ecosystem** – having world leading science and innovation assets combined with two major universities and respected innovation centres creates a supportive network of experience, resources, and R&D infrastructure to lead, progress, host and facilitate the solutions partners will collaborate on to address the LCR Freeport Innovation Challenges.
- **Strong maritime sector** – as indicated above LCR's maritime sector directly supports 7,900 highly productive jobs and generates £650m in GVA with a wider economic impact of £1.7bn GVA annually, hosting a diverse range of maritime companies. Cammell Laird recently completed the RRS Sir David Attenborough polar research ship. The City Region is well placed to handle growth in trade, with its ideal location on the UK West Coast, on the transatlantic trade route to North America and the via the Panama Canal to Australasia and the Far East.

  Maritime is a key sector for the region, which is why through the proposed collaboration platform - Port City Liverpool – an innovation hub would be located at Wirral Waters. LCR will enable its maritime ecosystem to be at the forefront of developing and adopting cutting edge technologies in areas such as smart shipping, robotics, clean growth, and ship-tech digitalisation.

The LCR Freeport land is characterised as previously developed land benefitting from strategic access to port, rail, road or air infrastructure. Whilst the strategic infrastructure is well developed and largely in place, the local site connections are compromised and in need of investment to 're-connect' the sites. For example, Port Weston could be rail, port and road accessible, but requires very local investment to provide this. Port Salford has developed c300,000sqft of the 1,500,000sqft available because of the recently created highway scheme to connect the site to the national highway network and requires further investment to realise its full potential with port and rail access. Wirral Waters has good road links, but dock edge and dock depth are an issue in attracting the vessels, cranes and port infrastructure that would unlock the site's natural economic port centric advantages.

The Freeport Skills Plan sets out the Freeport's analysis of the skills available within the local labour market. The Skills Plan is deliberately strategic in its appraisal of how to address known skills and training challenges as the specific requirements of future Freeport operators are not yet known and there is significant difference in the range of skills that may be required across the Freeport key sectors and permitted uses on the tax and customs sites. As occupiers become known and the specifics of future operations understood, then the Freeport will work quickly with chambers and other partners across LCR to respond to the requirements for skilled labour. The lead in timeframes will allow for a planned response to the opportunities created.

1.5 Interventions and levers in the Freeport

1.5.1 How the Freeport levers will be applied

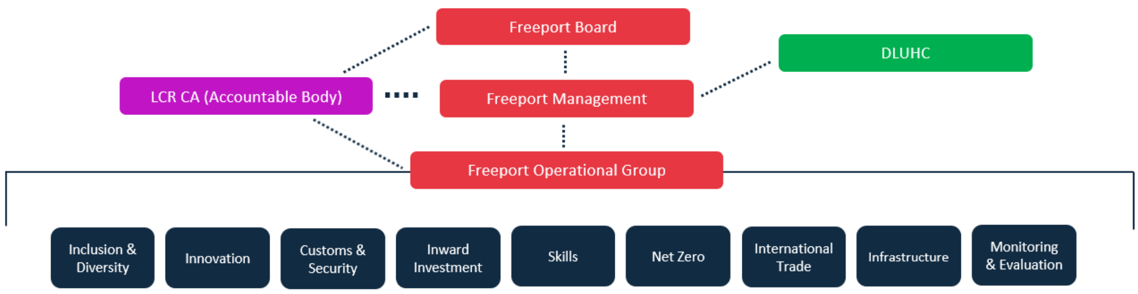
The LCR Freeport Seed Capital will be administered by the LCR Combined Authority. There will be a simple application process to demonstrate that the project is deliverable, monitorable and compliant with UK Subsidy Control and the LCR CA Assurance Process. Projects that have already been approved by the LCR CA Strategic Investment External Panel can progress without having to re-submit. Proposals for future Seed Investment will be approved by the Freeport Management Board prior to processing by the LCR CA.

Developments within the Tax Sites will apply to HMRC for the tax reliefs, national insurance and capital allowances via their normal tax reporting to HMRC. Business Rate Reliefs, administered by the local council will be first approved by the Freeport Management Board to ensure the LCR Freeport Gateway Policy has been applied properly.

Customs operators will seek Authorised Economic Operator (AEO) authorisation (if not already held) from HMRC. Buildings and external areas will be promoted for Designation Orders and approval by HMRC. LCR Freeport governance, as managed through the Stakeholder Plan will ensure open information sharing and liaison to provide the appropriate support to the future Customs Site Operator to secure the approvals required.

The proposed governance model is set out in Figure 1.1 below.

Figure 1.1: LCR Freeport Governance Structure



1.5.2 Freeport levers

The LCR Freeport will utilise the capital funding, tax benefits, revenue funding and customs benefits in the delivery of the Freeport. A breakdown of the projects and Seed Funds is provided in the Financial Case.

LCR Freeport Seed Capital - £25m of Seed Investment Funding will both enable and accelerate development at Parkside (£9m), Port Weston (£6.5m) and Wirral Waters (£8m). 6% or £1.5m of the Seed Investment Fund is allocated to the LCR Freeport Skills Fund and LCR Freeport Innovation Challenge Fund to support the wider programme across LCR. LCR Freeport will utilise LYVA Labs (formerly known as LCR Ventures) – the Innovation investment company established by LCR CA and the region's dedicated vehicle to support the commercialisation of new ideas.

The Seed Investment Fund support to Parkside is for highway infrastructure and is match funded by the LCR CA and project partners. Seed Investment Fund to Port Weston and Wirral Waters is to bridge the viability gap between value and development costs.

LCR Freeport revenue - £1m of revenue funding to support the Freeport Management Board and Freeport Management Team in the first 3 years of the Freeport. This funding will allow the operations of the Freeport to progress ahead of when the retained business rates are generated by the Tax Sites. Future Revenue Costs are to be funded by the retained rates collected by the three tax sites on a pro-rata of rates collected above the baseline basis.

Tax Sites – Three Tax Sites, strategically located to meet LCR Freeport Objectives capable of delivering significant inward investment and regeneration. The Parkside site is under the control of two partners, Parkside Regeneration (Parkside West) and ALMCOR (formerly ISEC) (Parkside East). Both partners have extensive experience of complex regeneration projects and delivering projects at this scale. Parkside West recently achieved planning consent from the Secretary of State at the DLUHC, quoting the significant level of regeneration available at the site. Parkside East is well advanced in planning terms and is part of the Local Plan expected to be approved early 2022.

The Tax sites offer the greatest capacity to attract and deliver on the reliefs available. The sites were selected from a scored assessment of all potentially suitable sites across LCR. The chosen sites where the largest available and had the greatest potential to deliver the LCR Freeport Vision.

The developments delivered within the allowable timescale will all utilities Business Rates Relief, Capital Allowances (Buildings and Plant and Machinery), Land Tax Relief and R&D Investment Credits. It is also expected that operators within the Tax Sites will seek customs designation if their activity results in global trade.

Reinvestment of retained business rates in regeneration – each of the three tax sites will create a Tax Increment Finance Fund to allow for the investment in key projects resulting from the retained business rates secured from new development. For LCR Freeport this has the scope to create a £143m investment fund over the life of the policy, therefore fully optimising and leveraging the distinctive and large-scale opportunity that the Freeport brings for the City Region. Each fund will support key projects which accelerate the delivery (and generation of business rates) of each tax site and a range of community regeneration and levelling up projects as per Table 1.1.

Customs Zones and Freeport Gateways – in addition to creating the opportunity for customs operators to designate their sites within the tax sites, there are nine identified locations where customs sites may be designated. The Primary Gateway to the LCR Freeport is the Port of Liverpool, supported by key gateway sites at Port Garston, Stobart Rail, Potter Logistics, Wynne Aviation/Liverpool John Lennon Airport and Port Salford. There are opportunities for customs designation at Port Weston and Atlantic Park. Teva and Astra Zeneca are reviewing the opportunity to create a customs zone within their operational assets in Liverpool City Region.

Freeport Gateway is the term intended to illustrate a LCR Freeport partner and strategic LCR Freeport location which utilises temporary storage provisions to effectively provide a '90 day' Freeport Offer before goods are moved to their final processing location or Freeport location. LCR Freeport expects to evolve the customs zones across LCR as the Freeport develops in early years and the benefits become apparent to potential operators in global trade. LCR Freeport welcomes the flexibility shown by Government in the consideration of proposed and future customs sites.

Skills Investment in a LCR Freeport Skills Academy – £0.75m from the Seed Investment Fund will be allocated to fund projects, initiatives and projects as part of the virtual LCR Freeport Skills Academy. The Freeport Skills Plan, attached to this FBC, sets out the opportunity and an agreed strategy amongst Higher Education Colleges and Further Education facilities to deliver the skills required by the growth in opportunity created by the LCR Freeport.

Liverpool City Region has a range of specialist training and education facilities, for example: IDEA Centre at Riverside College at Cronton and Port Academy at Hugh Baird College (both funded through devolved Skills Capital), Port City Innovation Hub at University of Liverpool as well as established colleges offering courses aligned to Freeport, including Hugh Baird College, St Helens & Knowsley College and Wirral Met College. All are fully engaged with the development of the Freeport's skills offer.

These provide a strong foundation to build upon and there will be a requirement to enhance certain areas: this includes a need to develop new curricula and facilities and consider approaches can be funded, including the aggregation of demand across employers and sectors and de-risking investments from providers in facilities and courses.

Attached to this FBC is a LCR Freeport Skills Plan. The Freeport Skills Academy is 'virtual' and provides an umbrella / funnel for the resourcing of programmes directly aligned to the Freeport sites and aims to support access to employment from across the City Region. A skills enabling role is to be part of the Freeport Management Team as well as reporting to the LCR CA Employment and Skills lead. The Skills Academy will support all levels including graduate and postgraduate research and innovation.

Innovation Investment in an LCR Freeport Innovation Hub - £0.75m will be allocated to this programme from the Seed Investment Fund. Innovation is a central foundation of economic strategy for LCR. Current thinking includes a provisional proposal to expand on the ERDF-funded Port City Innovation Hub at Maritime Knowledge Hub, including the current procurement of an Innovation Accelerator partner. This aligns to and enhances existing work including:

- LCR Innovation Ecosystem by Metro Dynamics;
- the long-term Maritime innovation challenges set out in Maritime 2050;
- decarbonisation innovation targets and challenges set out in NetZero 2050, 2040 and 2030 Plans at National, LCR and Local Levels; and
- DIT High Potential Opportunity for Vaccines as a clear contributor to the Freeport Innovation programme alongside maritime, digital, and low carbon agendas.
- Proposal for Innovation Challenge Fund and Living Lab
- This will involve:
- establishing LCR Freeport Innovation Challenges and Opportunities, firmly established within the LCR Innovation Community and Governance (LCR Innovation Board);
- establishing a clear LCR Freeport 2050 Innovation Vision in consultation with LCR Innovation partners;
- supporting thought leadership to set ambitious scope for realising vision for LCR Freeport Innovation;
- supporting "Knowledge Holders" in academia and business to develop ideas and commercialise opportunities;
- using LCR Freeport Seed Investment Funds to support / match fund EU and UKRI/research Council funds (topics include clean growth, climate adaptation, multi-modal port infrastructure);

- supporting LCR Innovation 'NorthStar' policy of 5% investment as proportion of GVA; and
- supporting LCR Freeport PhD, rolling programme based on key Innovation Challenges.

1.5.3 Scope of LCR Freeport innovation challenges

Key challenges to be faced by the city region including decarbonising the maritime sector, including eliminating maritime diesel emissions from ports and vessels; and
Regulatory Innovation and improved use of digital technologies to reduce cost and increase competitiveness of LCR for global trade.

LCR Freeport Innovation Lead, who will deliver, coordinate and manage:

- **LCR Freeport Challenge Fund** – a specific revenue and capital challenge fund to support universities and business to develop solutions to the LCR Freeport Innovation Challenges
- **LCR Freeport Living Lab** – a solutions-based programme of connecting identified business challenges with "knowledge holders" and universities able to undertake primary and other research.

1.5.4 Other proposed levers to be adopted

Trade and Investment Promotion - The LCR has a single Trade and Investment Plan – the January 2021 Inward Investment Strategy, which is delivered by the Inward Investment Team overseen by the LCR Inward Investment Board. The Inward Investment Board will ensure that the Trade and Investment tools prepared by the LCR Freeport are aligned and support inward investment leads to become fully developed enquiries. The Freeport Trade and Investment lead will support both the supply and demand side of inward investment as follows:

Supply side – through the Freeport hub, the team will ensure that opportunity, marketing and branding tools are available to the c400 DIT representatives worldwide. The region has over 20 years' experience of developing relationships and supporting DIT colleagues in positioning the City Region for inward investment. The Freeport Management Team will work with DIT Investment Services Team and Regional Directors to ensure that the Freeport Target Sectors are promoted as well as the opportunity to utilise the Freeport Levers available.

Demand side – the freeport management team will provide the Freeport Trade and Investment resource to focus on converting leads to active enquiries, ensuring that LCR receives at least its fair share of demand from overseas investment in the LCR Freeport. In attracting occupiers, the LCR Freeport must establish a clear value proposition and combine the Region's key strengths and sectors with the new additional benefits that the LCR Freeport Levers can bring.

In terms of activities across the supply and demand side of the Trade and Investment Programme, a suite of tools and materials will be prepared as well as a range of digital and in person events and activities that promote opportunity and convert demand to investment in the LCR Freeport.

Planning - LCR CA and the Freeport Management Team will work collaboratively with the three local authority areas in which the tax sites are located (St Helens, Halton and Wirral) to ensure that an effective planning environment is in place. This collaboration will ensure that proposals are deliverable and that those developments that are appropriate for the Freeport's development are expediated, whilst also meeting clear and robust environmental standards. The LCR Freeport will ensure consistency in planning, which is key to fostering an environment where all investors and partners have clarity in processes and procedures.
In line with the requirement in the bidding prospectus, Local Development Orders (LDO) will be prepared and adopted for each of the three proposed tax sites, where it is clear they will demonstrably accelerate the planning process (LCRCA's Strategic Lead for Planning will work with the local authorities and Freeport Management Team to assist in this process). They will be central to ensure that developments are directly linked to:

- the locally agreed investment ambitions of the Freeport and the vision for each of the sites;
- LCR's reframed LIS and Spatial Development Strategy; and
- specific economic priorities of the local authorities.

In the development of the LDOs, there will be clear and meaningful engagement with landowners and local communities. They will be designed to incentivise development by simplifying the planning process and making investment more attractive, but importantly on locally defined terms, which in turn, link directly to the national Freeport objectives.

Through the LDOs and other planning levers (potentially including master plans and design codes), high quality design of new developments will be also encouraged (utilising the expertise of the Metro Mayor's Design Champion), and where possible, employing Modern Methods of Construction (MMC).

1.5.5 Wider interventions

The LCR Freeport extends across the economic geographies and travel to work areas of the whole Liverpool City Region. As with any UK region there are a range of local plans and developments which could contribute to and benefit from the interventions of the LCR Freeport.

Private sector confirmed investments – the public and private investment in the region's innovation ecosystem was boosted in 2015 with £113million UK funding for the Hartree Centre and £200million in IBM Watson. Unilever is investing in a new £24million Advanced Manufacturing Centre and a partnership between University of Liverpool and Unilever is investing in a £64million Materials Innovation Factory. A partnership between Liverpool John Moores University and the University of Liverpool recently completed the £15million joint Sensor City incubator. To support the region's extensive health and life sciences sector, £25million has been invested in a Life Sciences Accelerator and £20million in a new Bio Innovation Hub. Seqirus has identified a £40m investment in a new "fill & finish" facility.

Public sector confirmed investments – Government has announced the Track 1 Status for HyNet and the significant investment in bringing forward clean hydrogen production from 2025. Government has also recently announced a package of £710 to support the region's transport proposals, many of which support low carbon connectivity and public transport solutions between LCR Freeport sites; and a Bus Service Improvement Plan has been submitted to Government. The transport section below provides more detail. Several Towns Fund and Town Deal monies have also been provided to LCR towns, including Runcorn, Birkenhead, and St Helens (see the below narrative for each of the individual tax sites).

Furthermore, £45m of the Government's Brownfield Land Fund was allocated to LCR in March 2020, with the aim of building 3,000 new homes across the City Region on brownfield sites. £9m has already been committed across the City Region. It is proposed that that remaining £36m is allocated across 14 sites, including adjacent to the tax site at Wirral Waters, and across St Helens and Halton.

Central government initiatives and strategies – given the wide-ranging nature of the LCR Freeport proposition, the interventions cut across many Government initiatives and strategies from clean growth, innovation, Northern Powerhouse and many others. The three most relevant to LCR Freeport are:

UK Freeports Programme – through the development of the Full Business Case it is clear that the national network of Freeports are better together. LCR Freeport is committed to working collectively with Government, the Freeports Hub and other UK Freeports to contribute, learn, share best practice and develop solutions to the benefit of all UK Freeports. Many of the UK Freeport's share sectoral focus and common challenges. By working together, collectively levering the support from Government, the benefits, solutions and investments secured can be maximised.

Levelling Up – the development of the LCR Freeport can utilise the strength of the Parkside Phase 1 to drive employment and retained business rates, providing the engine to drive the wider LCR Freeport forwards. The LCR Freeport will connect communities across the City Region to the key employment sites (both tax and customs sites) and ensure there is equality of access and levelling up across the City Region. Addressing long term unemployment and low productivity will help drive the regional economy forward and provide the context for levelling up with other more affluent and productive parts of the UK. Key members of the Freeport management Team will have responsibility for the skills and innovation themes and will be focused on driving the regeneration and levelling up objective of the LCR Freeport.

Trade and Investment – LCR Freeport builds on the excellent track record of trade and investment promotion by developing relationships with key trading partners. A partnership with the Growth Platform and Department for International Trade will develop a detailed strategy and action plan to focus resources on key markets, countries and ports to attract new inward investment and trading partnerships.

Build back Better – LCR has been identified as a High Potential Opportunity for Vaccines and aims to develop further investment in pandemic knowledge and response. The partners across LCR, led by the Metro Mayor are committed to Build Back Better with a focus on key sectors, existing strengths and a focus on infrastructure, skills and innovation. This is set out in the Plan for Prosperity, set out below.

Local Strategies

The Freeport has a strong strategic fit with LCR policies and adds clear value to the City Region's direction of travel. The LCR CA is currently in the process of reframing and refreshing its LIS into a **'Plan for Prosperity'** which aims to deliver a fairer, stronger, and cleaner City Region and sets out mechanisms for delivering meaningful, shared prosperity. It's structure and key themes are aligned with the Government's Plan for Growth. Looking ahead to 2035, the Freeport is a key component of the Plan, setting out how the opportunity will be fully leveraged to support levelling up and regeneration ambitions for deprived communities, provide further added value to existing skills good quality employment ambitions, and to maximise trade and investment, with an ambition of making LCR a top 10 destination for UK FDI.

The Freeport will also be a significant lever in the delivery of **LCR's Internationalisation Strategy**, which sets out the priority to maximise international gateways, in particular the Port of Liverpool. It also illustrates the City Region's key trade routes and markets, most notably the US and Ireland given LCR's strategic west facing position and existing trans-Atlantic flows. The LCR Freeport has been identified as a key mechanism in supporting delivery of the strategy's FDI and trade priorities, particularly given that the US is a market which is intended to be exploited further. The potential of the LCR Freeport opening new opportunities within the US market is further demonstrated through a recent US/LCR Freeport roundtable event, which included the UK Minister for Export. Attended by five US ports, this promoted the LCR Freeport to stimulate trade and investment between the US and UK, with particular emphasis on the LCR's unique west coast location serving the Northern Powerhouse.

The Freeport opportunity also directly informs LCR's emerging **Export Plan,** being one of the main drivers for reviewing export activity and its promotion within the City Region. The urgent need to leverage the Freeport will be a key underpinning theme of the Plan.

The most pressing strategic thread running across LCR's policy environment is the transition to net zero. LCR CA will set out its plans to directly contribute to this agenda through the production of its emerging **Net Zero Strategy**. Within this, the importance of the role of the Freeport in testing new technologies will have a key contribution - building on research excellence and the activities of proposed Maritime Knowledge Hub at Wirral Waters, and the utilisation of modern methods of construction where appropriate for the major Freeport sites. Furthermore, the design of the Freeport as a multi-modal gateway actively supports low carbon solutions to longstanding freight and logistics issues for the City Region and is now directly informing the development of LCR's **'State of Freight'** work programme. This work is building the granular evidence so urgently needed on freight movements, including understanding the movement of goods from the Port of Liverpool to inland destinations. This will help the City Region develop the right solutions that support rationalising and planning more effectively for movements. Crucially, with Freeport designation comes the opportunity to effectively shift freight to rail, particularly with regards to the critical strategic freight interchange that will be developed at Parkside, and with enhanced movement through the rail link at 3MG Widnes.

Transport connectivity across the Freeport

One of the most important areas of alignment and for future complementary investments is around a decarbonised transport network. To enable access to employment and opportunities for all communities across LCR, a central priority is for high-quality, fully integrated, and inclusive transport network which enables people, goods, and services, to move quickly, efficiently, and sustainably. Liverpool City Region has prepared a transport pipeline which focuses on supporting inclusive economic growth, exploiting the City Region's role as a global gateway, delivering a new mobility culture, and moving to net zero carbon.

To help in delivering this pipeline, the City Region recently secured £710m for major transport investment projects through its Sustainable Transport Settlement (CRSTS), in addition to a further £37 million from the Levelling Up Fund. These will support and impact workforce accessibility to the Freeport tax sites, particularly when combined with transport investments already made. These interventions will also address the backlog on the highway network and ensure that the City Region's highways are safe, well maintained, and resilient. Notably, the importance of CRSTS strategically supporting investments in Parkside as a multi-modal freight facility is explicitly set out by LCRCA in its prospectus.

The recently published LCR Bus Service Improvement Plan (BSIP) also sets out plans for the City Region's first Bus Rapid Transit system, to be focused on **Wirral Waters,** together with Liverpool's Knowledge Quarter. This includes using high-quality zero-emission vehicles to be centred on Birkenhead town centre, Wirral Waters and Seacombe. Future phases will then be extended across the Wirral's Leftbank area, as part of a major regeneration scheme transforming the left bank of the Mersey and the wider borough.

This is part of a *'Cross River Corridor'* set out in the CRSTS that includes a new sustainable gateway scheme in Birkenhead, and enhanced cross-river connectivity. Cross River Corridor interventions will mean that residents from across LCR will be able to fully access employment opportunities at Wirral Waters, further enhancing levelling up both at the local level, and more broadly across the City Region. Furthermore, with a dedicated cycle route within the boundaries of the site, this further encourages active travel ambitions, and connectivity from Birkenhead.

Key to the viability of **Parkside** is its Link Road Project, which is one of the proposed projects within this business case that Freeport seed funding will support with £9m of investment. This is part of a package of funding which includes a direct investment from the Combined Authority of £23.8m, which signifies the high level of strategic importance attached to making Parkside a viable strategic employment site for the City Region. Without the investment from Government the PLR would remain unfunded and the development would not progress. Delay in providing delivery certainty would have delay consequences across the Parkside East and West site.

Integrated bus, walking and cycling approaches will also be developed to enhance accessibility for Parkside. 'Last mile' routes will be explored, for instance direct from Newton-le-Willows train station - which is approximately a 15-minute walk away from the site and was revamped in 2019 with an £18.5m improvement scheme from devolved funding – as well as heightened connections from St Helens town centre, which will in turn be better connected with the wider City Region through a focus on initiatives within the CRSTS *'Eastern*

Hinterland' priority corridor. This corridor includes a new Green Bus Route extending eastwards – importantly reaching Newton-le-Willows - and a multi-modal interchange in St Helens town centre. Together, an integrated focus on rail, bus, and active travel connectivity will directly enhance the accessibility to Parkside for people living nearby, across St Helens and the wider City Region.

As well a longer-term objective of using TIF monies on Ditton station, there are several key gateway rail stations in the vicinity of 3MG Widnes, including Runcorn, Widnes, and Liverpool South Parkway. A key strand of work to be developed is to ensure that there are links from these stations to 3MG, as part of the City Region's active travel investment and bus routes from key rail heads. This will complement schemes being developed in the *'Mersey Gateway'* priority corridor – which includes the delivery of Green Bus Routes, Runcorn Station upgrade works and delivery of the first stage of the East Runcorn Connectivity Corridor.

The region has supported major investments to realise its vision for a London-style transport system, including a city centre connectivity scheme (£45m) and new rolling stock for the City Region (£450m). It is also in the final phases of delivering on the £172.5 million Transforming Cities Fund (TCF) allocation. Examples of TCF investments include the 'Gateway to Birkenhead and Wirral Waters', Hybus hydrogen bus trial, smart ticketing scheme, and a battery powered trial to the new rolling stock. Furthermore, alongside a current pipeline review there is ongoing work in making the case for an integrated HS2/ NPR solution. This has major benefits for rail freight and is supportive of themes in the Freeport submission. £15bn in economic benefits has been calculated. Furthermore, alongside a current pipeline review LCRCA is working through the implications of the Integrated Rail Plan, particularly relating to freight capacity.

LCR Freeport is a proposal for a City Region Freeport encompassing the whole of the City Region and key sites in adjacent economic geographies. LCR Freeport is not dependent on any particular transport scheme other than the Parkside Link Road and Port of Weston Access Road, both to be supported by the LCR Freeport Seed Investment Fund.

The LCR Freeport will work closely with DFT colleagues and transport teams within the LCR CA to ensure that future transport investment is aligned to the shared vision of connecting people across the LCR communities with the opportunities created within the LCR Freeport and other aligned strategic employment and investment sites.

1.6 Tax site additionality

1.6.1 Parkside and 3MG Additionality

In relation to Parkside and 3MG, the public intervention will result in additional jobs and investment, by attracting higher value added activity, improving the pace of delivery, enabling further infrastructure investment which will open up additional development land and facilitating speculative development by providing greater certainty. The Freeport benefits will attract occupiers in key growth sectors which will result in additional investment in plant and machinery and the creation of additional, high quality jobs.

Occupier benefits, when considered from a development appraisal perspective are equivalent to developer incentives (fitout support and rent free) and further enhance the scope to attract Freeport compliant occupiers in target sectors. Such incentives can attract longer, stronger leases increasing the scope of investment (larger investments recovered over longer commitment periods) and helping to secure long-term growth and employment.

Table 1.1 sets out how the occupier benefits translate into additional and accelerated activity, higher quality and enhanced economic value recognising the unique property markets the three sites are exposed to and the specific delivery challenges the sites face.

LCR Freeport identifies specific delivery challenges, as follows:

- **Parkside -** significant upfront and ongoing infrastructure requirements (£53m access road and c£30m rail terminal) to unlock the scale of development in the timeframes required for maximum economic impact – no other programme of capital support has been identified to deliver the Strategic Rail Freight Interchange (SRFI) and future phases of infrastructure required. Without the Seed Investment Fund and TIF this development would not take place;
- **3MG –** addressing site wide remediation and enabling works and the location from a transport perspective, but enabling LCR Freeport focused investment at a strategic regeneration and Freeport location alongside a key rail gateway – 3MG has been available to the market for many years and these plots have remained undeveloped; and

LCR Freeport presents a unique opportunity to combine the economic opportunities of the LCR Strategic Sites to address these delivery challenges and accelerate development across the three Tax Sites. Freeport levers will address the challenges above, by:

- **Parkside –** enable the acceleration of Parkside and position it to become a nationally significant investment location, core to the region's levelling up aspirations addressing the infrastructure challenges through a combination of Seed Investment Funding and Tax Increment Finance (TIF) Investment; and
- **3MG –** support via the sharing of occupier incentives to support abnormal costs in the appraisals while enabling attractive package of support to overcome locational issues; and

Table 1.2 Overview of occupier benefits

Value	Parkside	3MG
Rental Value	[redacted]	[redacted] Higher rents on smaller units
Yield	Strong yield c4.5% Strong covenants expected Speculative development of units 1&2	Predominantly occupier led with scope for pre-let based on Business Rates Relief (BRR) Strong yields expected c4.5%
Incentives (rent free)	Scope to attract higher value uses with Freeport Incentives	12 month rent free expected to be retained to strengthen deliverability and attractiveness in the market

Table 1.2 Overview of occupier benefits		
Value	Parkside	3MG
Freeport Incentives (to occupier)	Freeport incentives of high value to overall scheme with BRR supporting speculative development with the reduction in appraisal risk by reducing void costs and BRR cost / interest cost assumptions	Freeport incentives of high value to overall scheme with BRR supporting speculative development with the reduction in appraisal risk by reducing void costs and BRR cost / interest cost assumptions
Total Value	Opportunity to transfer value to project cost areas (through the reduction of incentives and attracting longer leases improving yield)	Expected to have some impact on value but focus on reducing timeframe for attracting occupier and / or supporting speculative development
Project Costs	Overall project costs aligned to institutional specification development and meeting planning requirements. Infrastructure costs relate primarily to site wide costs and Parkside Link Road.	Overall project costs aligned to institutional specification development and meeting planning requirements. Significant levels of abnormal costs and infrastructure costs.
Sustainability - NetZero	Opportunity to significantly strengthen sustainability features and overall project quality with additional value created.	Opportunity to strengthen sustainability features and overall project quality with additional value created.
Developers Profit	Unaffected	Unaffected
Shortfall/impact of Freeport	Initial Phases of development expected to progress more rapidly with the attraction of higher value added occupiers. Seed Investment required to deliver the Link Road and thus bring forward additional development. TIF to be subsequently used to unlock further phases, including accelerate development of SRFI. These would not go ahead without Freeport	Freeport incentives will enable early speculative development In plot use of the TIF not expected.

1.6.2 How Freeport levers support the development of Parkside and 3MG

Table 1.3 Overview of Freeport Levers on Developments		
Value	Parkside	3MG
Business Rate Relief	Business Rate Relief is the primary driver of investment across the Parkside development site. BRR is expected to significantly drive demand from occupiers seeking new premises. For example, if rent is £6persqft, the rateable value is 51.2p. For each 100,000 sqft of space within the development, the annual business rates is	Business Rate Relief is the primary Freeport benefit, providing the same level of support to the individual schemes as Parkside. The value to each individual appraisal is restricted to each site such that the value is retained specific to each of the four sites. The BRR helps attract occupiers to the location and helps address known site

Table 1.3 Overview of Freeport Levers on Developments		
Value	Parkside	3MG
	£307,200. Over a five-year period this is £1.5m. For the phase 1 (3 unit scheme) the BRR is worth £12.155m. This additional value supports a combination of factors, which run through the occupier's appraisal (in terms of reduced operating costs) through to rents and firmer rental commitments that drive yield and land value, in turn supporting the landowner's investment in infrastructure and enabling works – which are extensive in nature given the sites for colliery use and requirement for internal roads and services (in addition to the landowner's contributions to the Parkside Link Road).	abnormal costs. In summary, it compensates for the location and conditions to allow the site to compete with better located sites to the East.
SDLT Relief	SDLT supports the appraisal both in terms of the net yield value as the cost of SDLT is removed from the value aspect of the appraisal. SDLT is 5% over £250,000 and therefore a material consideration. For example, for each 100,000sqft of space, let at £6psqft the SDLT is c£94,633. The saving on the value deduction is estimated to be £748,923 on the phase 1 scheme, supporting the landowner's investment in infrastructure.	As with Parkside, SDLT relief is expected to support the financing of development where the asset is transferred to an investor. Whereas these gains will contribute to a site wide appraisal, for 3MG, they will be treated in isolation to the individual development site. SLDT alongside the other reliefs will contribute to the attractiveness of the site for investment and support the site abnormal costs and viability in general.
ECAs	ECAs are dependent on the profitability of the occupier and the treatment of investment costs. Some appraisals (where the business intends to post annual profits) show the ability to claim the tax deduction in a single year as a significant driver in the internal investment decision to purchase eligible plant and machinery, enabling more investment to meet payback requirements or reducing the payback of investments, enhancing the internal appraisal and favouring investment to progress. The reduction in first year tax liability for each £1m invested is £250,000 – and increase of £205,000 in the first year.	
SBAs	SBAs enhance the appraisal for landowner / developers who post taxable profits. Developers will be asked to show the value of the SBA's in terms of their contribution to viability and quality of scheme. A claim against tax of 3% is allowable for 33.33 years from the eligibility start date, which would enable a benefit of £30,000 claim per year against taxable profits.	
NIC Relief	NIC relief is an occupier benefit and not expected to support the development appraisals other than to provide additional occupational demand by supporting business growth with c£6000 of NIC relief per additional employee.	

Table 1.3 Overview of Freeport Levers on Developments		
Value	Parkside	3MG
Planning measures	N/A	
Simplified Customs Procedures	To be confirmed once occupier's role with regard to import and export established.	
Tax Increment Finance	TIF finance plays a very important role in the delivery of Parkside, in particular being available to fund future site infrastructure requirements as well as support the investment into the rail freight terminal.	TIF via Halton Council is not expected to be invested directly in the 3MG sites but will be invested in a range of regeneration and transport projects to ensure the benefits of the Freeport are felt across deprived communities in and adjacent to Halton.

1.6.3 Evidencing demand at 3MG

The sites at 3MG have been undeveloped for decades. The opportunity to develop the vacant land into new employment sites in close proximity to the existing rail infrastructure has been developed in National, Regional and Local policy for over 25 years.

1.6.4 Government Policy and Sustainability

3MG as a concept emerged from Government transport policy from the late 1990s. Transport White Paper 'A New Deal for Transport: Better for Everyone' (1998) set out the Government's policies to create a better, more integrated transport system to tackle the problems of congestion and pollution.

The White Paper detailed the Government's objectives for encouraging the use of the railway system for the transportation of freight and it is specifically stated that 'Local authorities in preparing development plans will be expected to consider, and where appropriate protect, opportunities for rail connections to existing manufacturing, distribution and warehousing sites adjacent or close to the rail network….'.

This commitment to the use of the rail network for the transfer of freight was further reinforced with the publication, in 2000, of the Government's ten-year plan for transport in a document titled 'Transport 2010 – The Ten Year Plan'. Within the document the specific target of increasing rail freight by 80% was set.

1.6.5 Regional Policy

In March 2003 Regional Planning Guidance for the North West (RPG13) was published. Within RPG13 there are a number of policies that are of particular relevance to 3MG:
Policy SD9 of RPG13 states that the Regional Transport Strategy should deliver '*effective multi-modal solutions to the conveyance of goods, people and services, especially at major hubs…*'.
In November 2003 the North West Regional Freight Strategy was published which aims to *'develop and maintain an integrated, efficient and sustainable freight transport system which facilitates and supports economic development in the North West, whilst also contributing to environmental objectives and improving quality of life in the region.'*

The Revised RES for the North West was launched on 27 March 2003 to provide the economic development framework for the region. Within the RES it is stated that in order to support economic growth in the North West it is vital that the region has a strong offering of employment sites in terms of quality and sustainable development. The RES identifies 25 strategic regional sites, including Ditton as critical to the effective implementation of the Strategy.

NWDA stated *"Ditton is a potential major inter modal freight terminal serving Merseyside, North Cheshire, and the Port of Liverpool."*

1.6.6 Mersey Freight Study

The Council's aspirations were endorsed by the MFS in 2000. The study highlighted the strategic importance of the Ditton area, as part of a developing freight network for Merseyside Ditton has a number of advantages:

- Two existing inter-modal users
- Access to West Coast Main Line
- Opportunity to create a link road to A5300
- Opportunity to reuse brownfield land
- Opportunity to create critical mass

1.6.7 Halton's Unitary Development Plan & Masterplan

The UDP process commenced in 1999 and was consulted on extensively and was adopted in April 2005. The UDP Inspector concluded: "through a rare combination of advantages the Rail Freight Park is accepted to be a project of exceptional worth".

The Masterplan sets out the policy context, vision, delivery programme, funding and long-term management. The Masterplan was adopted by the Council in December 2004.

1.6.8 Evidence of support for Wirral Waters Gateway Policy

As per the map below, the following landowners have confirmed support to the Northside Gateway Policy:
NS02, NS08, NS10 – Wirral Borough Council
NS09 – Langham Estates
The following are expected to sell their land and have not signed up to the policy:
NS03 & NS05 – National Grid
NS04 – Cadent Gas Ltd
The following are expected to sign up to the Gateway Policy if their sites come forward for development in the Freeport development phase.
NS06, NS07, NS11, NS12 - Individuals

The signed Gateway policy was provided on the 21st September 2022 and a detailed presentation on the delivery of the Northside Plots was provided on the 3rd October 2022. The following points and clairifcations were provided.

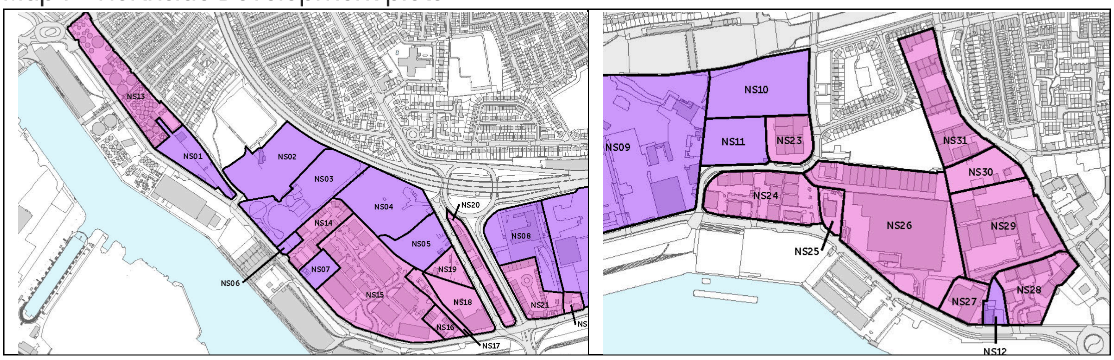
The sites to the west of Gorsey Lane (plots NS 01 to 08) with development potential are either vacant or used predominantly for open storage/recycling, and the abnormals and constraints associated with these plots mean they are generally less well-suited to Freeport development than sites to the east of Gorsey Lane. Plot NS 02 has been identified as the preferred site for the development of a new council highways depot, and the council is currently negotiating the acquisition of the adjacent plot NS03 from National Grid. This site will serve as a location for businesses displaced by the council's regeneration activity in other parts of Birkenhead.
Plots NS 13 to 20 are occupied by established businesses and as such unlikely to become available for the development in the foreseeable future but remain part of the Council's long term vision for the re-development of the Northside area. The Council will promote the sites for development and engage with operators and landowners once Freeport delivery momentum is established on the plots outlined above.

For sites to the east of Gorsey Lane (NS 08 to 12), the council will be working with existing occupiers and landowners to facilitate their redevelopment for Freeport related employment. Discussions have already commenced with the owners of plot NS 09 (which at 6.81 hectares is the largest site available for development in single ownership) regarding the redevelopment for Freeport related uses, and the development of a new highways depot at plot NS 02 will enable the adjacent council owned site NS 08 to be considered to increase the developable area by a further 1.89 hectares.

As with some sites to the west of Gorsey Lane, plots NS 21 to 31 are occupied by established businesses and as such unlikely to become available for the development in the foreseeable future but remain part of the Council's long term vision for the re-development of the Northside area. The Council will promote the sites for development and engage with operators and landowners once Freeport delivery momentum is established on the plots outlined above.

The council has commissioned BDP to prepare a masterplan for the Northside employment area – see Map 1 below, and this work is expected to be completed in October 2022. Once endorsed by the relevant council committee, work will commence on delivery.

Map 1 – Northside Development plots



1.7 Seed capital

1.7.1 The specific activities that will be funded using seed capital.

The Seed capital will be used as follows:

- **Parkside Link Road (£9m)** – a new public highway, delivered by St Helens Council currently under construction by Balfour Beatty due for completion in June 2024. Funding will be administered by the LCR CA. The project has already been through a Strategic Investment Fund process and has been approved for public funds. LCR CA SIF Investment Team are engaged and aware of the project.
- **Port Weston Access Road (£6.5m)** – renovations to public and private access roads to bring the local road network to adoptable standards, promoting access and development opportunity at Port of Weston and other local sites. Halton Council will deliver the scheme under a LCR Freeport Seed Capital Grant, administered by the LCR SIF Team. LCR CA SIF Investment Team are engaged and aware of the project.
- **Dockside Works, MEA Park, Wirral Waters (£8m)** - dockside improvement works to allow physical development of the dock edge to support vessel access and the development of buildings to the perimeter of the site, maximizing the economic impact. Peel Land and Property will apply to the LCR Freeport Seed Capital Grant administered by the LCR SIF Team. The Business Case will be prepared by Peel and considered by the LCR Freeport Team, LCR SIF Team and the SIF External Panel.
- **Innovation and Skills Programmes (£1.5m)** – a three year programme of innovation and skills programmes (including social value), delivered in partnership with key stakeholders to the LCR Freeport Innovation Strategy and LCR Freeport Skills Prospectus. Challenge-led innovation programmes targeted at SMEs and Universities will be administered by LCR Ventures (the LCR innovation commercialisation partner) and managed by a Sector lead employed by LCR Ventures, funded by the LCR Freeport revenue resource. The initiatives developed by stakeholders to the LCR Freeport Skills Prospectus, include the creation of Level 5 Freeport Qualifications as well as targeted measures via skills providers to support looked after individuals into LCR Freeport job opportunities.

1.7.2 How these activities support the Freeport to realise its objectives

The investment in the Parkside Link Road, Port Weston Access Project and Dockside Works at MEA Park all enable the development of new investment in target sectors and enhance the delivery of key sites in the LCR freeport. Direct investment in innovation and skills will support the Freeport objectives to provide a hotbed of innovation, across the LCR Innovation Strategy Grand Challenges and skills programmes, managed by the LCR Freeport and supported by the LCR CA and local partners will enable people across disadvantaged communities in LCR find access to employment, supporting regeneration, productivity and levelling up.

1.7.3 Nature and justification of seed capital investment

Grant funding for Parkside Link Road and Port Weston Access Project is necessary due to viability issues related to the level of otherwise unfunded expenditure required upfront of development value created. Grant support is required for MEA Park to support abnormal development costs associated with former use and port context.

Grant funding for innovation is necessary to overcome standard market failures associated with research and development activities. Grant funding is justified to support established employment and skills programmes, targeted on the gaps created by the opportunity LCR Freeport presents.

1.8 Retained business rates

1.8.1 The objectives of the retained business rates funds and the rationale behind them

1. St Helens retained business rate fund

The St Helens Retained Business Rate Fund is necessary to support the following:

- Freeport Management Team costs, split across the three tax sites on a pro-rata basis;
- Tier 1 – projects focused on delivering the infrastructure necessary to accelerate delivery and ensure full utilisation of the Tax Site;
- Tier 2 – projects that provide a supporting environment to sustain Freeport businesses and ensure that the benefits are secured for the community in which it is part of and that any negative impacts are mitigated; and
- Tier 3 – projects that maximise the social and economic benefits of the Freeport to ensure its regenerative benefits are spread across the Borough and the City Region.

The Tiered approach to delivering projects funded by the Retained Business Rate fund demonstrates the Council's commitment to the delivery of the LCR Freeport objectives and is aligned to Government's expectations for the role of Freeport Tax sites in supporting regeneration, levelling up and increased productivity whilst demonstrating innovation and contributing to net zero. The Council has signed up to the LCR Freeport Gateway Policy and will engage positively in the development of an MOU with Government and the Freeport Management Board.

2. Halton retained business rate fund

Halton Council intends to establish the Retained Business Rate fund on a similar basis to the Tax Increment Finance Fund established for the local Enterprise Zone. The Council has prepared a schedule of projects which are candidate projects for further prioritisation once the Full Business Case is approved. These projects include the development of Runcorn Station Quarter (£15m), Halton Leisure Centre (£24m), the re-opening of Ditton Passenger Railway Station (£12m) and a range of other regeneration and development projects totalling a further £30m.

Halton Council as signed up to the LCR Freeport Gateway Policy and will engage positively in the development of an MOU with Government and the Freeport Management Board.

3. Wirral retained business rate fund

Wirral Council will establish a Retained Business Rate Fund building on the established Tax Increment Finance Fund created to support investment in the Wirral Waters enterprise zone in 2013/14. The Council will create the fund to invest in projects which enable the Tax Site Development Plan for Northside and MEA Park to advance at pace, addressing abnormal cost issues and viability challenges.

Wirral Council as signed up to the LCR Freeport Gateway Policy and will engage positively in the development of an MOU with Government and the Freeport Management Board.

1.8.2 Criteria for projects eligible for retained business rates investment

Each of the three tax site authorities has set out a schedule of projects, which exceeds the available investment from retained rates. Working closely with the Freeport Management Team and Operations Group, the projects will be assessed and prioritised to support those most able to accelerate the development of the Freeport or otherwise best support the Freeport objectives.

Retained Fund Criteria have been developed at high level, all aligned to the principle of supporting and maximising the impact of Freeports to the regeneration of the City Region. The Tiered approach presented and agreed by St Helens Council establishes a clear framework for the decision making, while Halton and Wirral have taken a strategic view based on the deliverability of key projects identified and the availability of retained rates generated by the Freeport. The year 2 plan for Freeports will set out in more detail the expected timing of rates, TIF capacity and suitable projects for investment.

1.8.3 Identified projects

The following table 1.1 summarises the projects totalling £331,464 identified for funding by the retained rates.

Table 1.1 - Oveview of identified TIF Projects - Illustrative Pipeline	
St Helens Tier 1	**Total £'000**
Strategic Rail Frieght Interchange	30,000
Parkside Energy Provision	5,000
Junction 22 M6 Parkside Link Road Connection	9,000
Haydock Island M6 Junction 23 Improvements	40,000
Newton High St – Junction Improvements	3,000
A49 Corridor Improvements	1,750
St Helens Tier 2	**Total £'000**
Phase 1 ECF Earlstown Town Centre	17,185
Phase 2 ECF Earlstown Town Centre Bus Station Relocation	30,000
Earlstown Station Accessibility Improvements	10,000
Earlstown Town Hall Refurbishments	2,000
St Helens Town Centre Bus Station Refurbishment	1,000
Total	**148,935**
Halton	**Total £'000**
Runcorn Station Quarter	15,000
Halton Leisure Centre	23,390
Ditton Railway Station	12,000
Foundry Land 360 New Homes	4,000
Brindley Theatre Public Realm	3,000
Fleet Replacements – Diesel to Green Energy	6,600
Mersey Gateway / access to sites from Ashley Way	5,000
Enterprise Centre Land	5,000
Office Development – Mersey Gateway	5,000
Conversion of Runcorn Library to Health and Education Centre	1,400
Total	**80,390**
Wirral	**Total £'000**
A5139 Dock Road / A5088 Wallasey Bridge Road Junction	3,000
Duke Street / Dock Road / Gorsey Lane Junction	2,500
A5027 Dock Road / A554 Tower Road / A554 Birkenhead Road Junction	5,000
Replacement of Poulton Bridge	9,200
Dock Road cycle route - Duke St to Wallasey Bridge Rd	4,000
Northside Sites - Gap Funding Requirement (mid Estimate)	27,839
MEA Park - Gap Funding Requirement	11,100
Electricity Upgrades	20,000
Digital Fibre Network	500
Wallasey Bridge Road Drainage Improvements and Swing Bridge Removal	4,000
A5027 Gorsey Lane / Kingsway Tunnel junction improvements	15000
Total	**102,139**
Overall Total	**331,464**

1.8.4 Value of retained business rates

Table 1.2 below summarises the value of the retained rates. The gross rates retained is adjusted to include contingency, revenue costs associated with delivery, interest/MRP charges, Freeport Management Team costs and local Council delivery team costs.

Table 1.2 Value of Retained Business Rates	
St Helens	Total £'000
Total retained rates collected	197,660
Potential Retained Rates Fund	77,046
Halton	Total £'000
Total retained rates collected	93,480
Potential Retained Rates Fund	41,430
Wirral	Total £'000
Total retained rates collected	66,976
Potential Retained Rates Fund	24,838
Overall Total	Total £'000
Total retained rates collected	358,116
Potential Retained Rates Fund	143,314

1.8.5 Overview of planned borrowing (Tax Increment Financing)

A proportion of the retained business rates will be allocated to fund borrowing such that the identified capital projects may be funded. The borrowing associated with future business rates retained is the Tax Increment Finance Fund. Each Tax Site will have its own discrete Tax Increment Finance Fund.

1. St Helens Tax Increment Finance Fund

- Why borrowing needed – to support major investment projects, requiring investment greater than the sum available form retained rates in year
- When will the borrowing occur – aligned to the speculative development programme, precise timing to be confirmed once planning secured and construction commenced. Expected mid 2024.
- Who will borrow and from whom – St Helens Council will borrow from Public Works Loan Board and other sources determined by interest costs, return on own investments and levels of cash on account.

2. Halton Tax Increment Finance Fund

- Why borrowing needed – to support major investment projects, requiring investment greater than the sum available form retained rates in year
- When will the borrowing occur – aligned to the speculative development programme, precise timing to be confirmed once planning secured and construction commenced. Expected mid 2024.
- Who will borrow and from whom – Halton Council will borrow from Public Works Loan Board and other sources determined by interest costs, return on own investments and leaves of cash on account.

3. Wirral Retained Business Rate Fund

- Why borrowing needed – to support major investment projects, requiring investment greater than the sum available form retained rates in year
- When will the borrowing occur – aligned to the speculative development programme, precise timing to be confirmed once planning secured and construction commenced. Expected mid 2024.
- Who will borrow and from whom – Wirral Council will borrow from Public Works Loan Board and other sources determined by interest costs, return on own investments and levels of cash on account.

1.8.6 Governance of retained rates

Each partner Council will report via the LCR Monitoring Platform the level of business rates received on a quarterly basis. Projects supported by the retained rates will be presented to the LCR Freeport Management Board with an explanation of how the project will support the objectives of the Freeport.

1.8.7 Business rates policy

Each Tax Site Authority will adopt the LCR Freeport Gateway Policy and any such further policy established by the LCR Freeport, in consultation with each tax site authority as may be required to establish a firm foundation for the administration of Business Rates benefits and the investment of retained rates. The expectation is that any government requirements for the investment of retained rates will be set out in the LCR Freeport – Government MOU.

1.9 Customs sites

1.9.1 Customs sites proposed for designation

The Primary Customs Site operator is expected to be Wynne Aviation based at Liverpool John Lennon Airport.

- Customs Site Operator: Wynne Aviation Services Limited
- Timescales: Immediate
- Expected end users: Automotive sector parts import, tbc

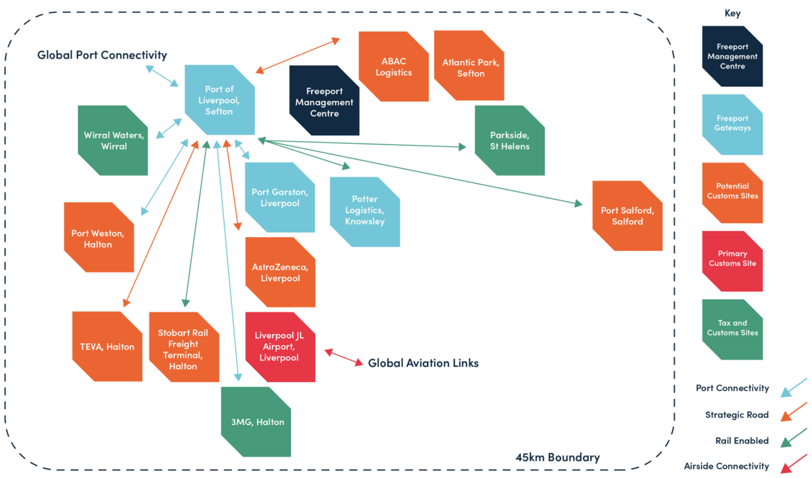
Other potential Customs Site Operators include:

- AstraZeneca, Speke, Liverpool
- Customs Site Operator: MedImmune U.K. Limited
- Timescales: 0-1 Years
- Expected end user: Pharmaceutical raw material import/export
- Stobbart, Widnes

- Customs Site Operator: Stobbart Group
- Timescales 0-1 year

Expected end users: Range of retail and manufacturing supplies, primarily through southern rail connections. Figure 1.2 below illustrates how the Customs sites fit within the overall LCR Freeport proposition.

Figure 1.2 – Overview of LCR Freeport



1.9.2 Explanation for changes in proposed designations to those in Outline Business Case

The development of Customs Site Operators is consistent with that envisaged at OBC. Many of the key freight and port operators are currently evaluating customs designations at their facilities, in particular the ability to apply simplified customs procedures on areas designated for temporary storage.

1.9.3 Planning

The following table provides an overview of the planning status of the key LCR Freeport development sites.

Table 1.3 Planning situation at each major development site, including Seed and TIF funding

Site	Relevant Local Development Plans and their Status	Current Planning Status	Planning Needs	Planning Activities (inc. Estimated Timescales)
Parkside				
Phase 1 West Plot 1, 2…	St Helens Local Plan	Outline Phase 1 Approved	Detailed Consent	Detailed 2 unit scheme under preparation
East Plot 1, 2..	St Helens Local Plan	None – allocation proposed as part of St Helens Plan	Allocation in Local Plan TCPA Consent	Development of DCO Application Consideration of 'fast track' component to accelerate delivery

			DCO Consent	
3MG				
Liberty Park	3MG Regeneration Framework	Allocated	TCPA Consent	Detailed Consent Required
HBC Field	3MG Regeneration Framework	Allocated	TCPA Consent	Detailed Consent Required
Viking Park	3MG Regeneration Framework	Allocated	TCPA Consent	Detailed Consent Required
Wirral Waters				
MEA Park	Wirral Local Plan, TBA	Outline Consent Secured	Outline Consent Secured	Detailed Consent Required
Northside	Wirral Local Plan, TBA	Regeneration Framework in Local Plan	Regeneration Framework in Local Plan	Detailed Consent Required
Seed Capital Projects				
Parkside Link Road				N/A – Under construction
MEA Enabling Works				N/A – Port Development Rights
Port of Weston Enabling Works				TWO Consent RCPA Planning Consent TBC
Identified TIF Projects				
SRFI				DCO Consent

We are finalising a strategy for monitoring and managing the risks and opportunities relating to the need for appropriate planning consents for the various elements to be delivered. We currently envisage this strategy having the following components:

- The 3MG tax site represents a cluster of development within a shared allocation, the sites have a mix of planning history, with all requiring the submission or completion of the planning process to enable development to progress.
- The Wirral Waters sites are within an overall outline planning permission. The Northside sites are part of a 'regeneration framework' area for which future employment uses are supported.
- Parkside West has a Phase 1 outline permission and is preparing a detailed planning application for the initial developments. I further outline permission is being prepared for the balance of the land in Parkside West.
- Parkside East is allocated in the emerging local plan which should be adopted by the Council in the summer. A DCO application will then be required for most of the Parkside East scheme.
- To varying extents, the delivery of the sites requires some further progress with securing the planning consents needed. The Freeport does not have control over planning decision-making but is able to take advantage of its contacts and connections with key agencies to exert some influence to enhance the prospects of the most appropriate consents being secured as soon as possible.

The planning strategy (in preparation) will:

- Review the 'tools' available in the planning toolkit (planning permissions, LDOs, etc) and consider the most appropriate ones (individually and in combination)
- Explain progress made to date in getting the consents needed
- Explain how FP designation has helped and can help more
- Identify hold-ups and what needs to be done to get around them (and timescales)
- Explain relationships with key agencies (LPAs etc)
- Identify and analyse risks (probabilities and consequences)

Provide:

- an overarching planning strategy, and
- separate strategies for each cluster and site
- Arrangements for monitoring and managing progress
- Explain the additionality afforded by FP designation

Greater detail is set out in Table 1.4 below.

Table 1.4 Planning Risk Appraisal

Planning Status	Site	Planning Risk	Comment
Sites with pp for FP development	Parkside West Ph1 3MG Wirral Waters	Very Low	Up to date pp that reflects FP objectives. Able to be varied and can confirm position which can be implemented or 'traded' for alternative schemes. May be outline permission awaiting detailed application.
Sites with up to date allocations or Previous permission	3MG Parkside West Ph2	Low	Less certainly than with a planning permission, but establishes a presumption in favour of development, subject resolving details.
Sites with old but extant allocations	N/A	Moderate	Sites with old but extant allocations still provide certainty as to what is expected to come forward. The potential difficulty is whether current FP objectives are captured by pre-FP environment.
Sites with emerging allocations	Parkside East		Emerging allocations indicate direction of travel, but adoption date uncertain. Drift can be avoided by treating them as though they were adopted and undertaking pre-application engagement with the LPA on the basis that they will become the adopted allocation.
Sites without designations or planning permission.		Average	Applications without clear policy support will face usual uncertainty and delay as LPA process the issues.

Planning Summary

The analysis above highlights the following issues:

- the majority of sites have low planning risk;
- even the sites with moderate risk are a small minority; and
- where gaps exist, it should be possible to close them sooner if Freeport take the initiative in arranging pre-application consultations to clarify issues and minimise delays.

1.10 Innovation

1.10.1 What LCR Freeport status helps enable with regards to innovation plans and how?

LCR Freeport has a dedicated LCR Freeport Innovation Strategy, direct investment from the Seed Investment Capital Fund and dedicated revenue resource supported by the LCR Freeport Core Revenue resource, supported by LCR Ventures.

The LCR Freeport has confirmed governance support from the LCR Innovation Board, including leading figures in the LCR Innovation Community as well as significant partner support from the two major universities, Science and Technology Facilities Council, Connected Places Catapult and others.

LCR Freeport has articulated three market opportunity driven innovation grand challenges and two aligned challenges and is already seeing significant value added activity in aligned projects, accelerating due to the opportunities associated with the private sector response to Freeports. A key example of this is the recent rapid progress made by the Maritime Knowledge Hub project – a national centre for decarbonising the maritime sector, based at Wirral Waters and supported by key private sector companies such as Bibby Marine, Expleo and Maritime Digital as well as LJMU and Mersey Maritime.

1.10.2 How the LCR Freeport will stimulate innovation and innovation adoption by business?

LCR Freeport intends to design and run a series of innovation programmes, designed to accelerate the commercialisation of UK IP and technologies that can drive exploitation opportunities across the LCR Freeport Innovation Grand Challenges, such as in accelerating the Net Zero transition. LCR Freeport also provides a stimulus and focus for aligned R&D activity and exploitation pathways to global markets that might not have gained critical mass or the level of support required previously. Regional partners including Liverpool University, Liverpool John Moores University and STFC will work collaboratively with national innovation organisations such as the Connected Places Catapult to support R&D activity and identify exploitation opportunities that increase private investment in innovation. This collaboration will also be expanded to international opportunities in key global markets, leveraging connections with other freeports globally.

The LCR Freeport tax and customs benefits create the 'value headroom' for businesses to expand their investment in the human and technological capital to innovate and grow their business. A key example of this is the consideration of key businesses to use the Freeport as the basis for additional inward investment to their business to double manufacturing output and associated R&D. Likewise, the LCR Freeport Innovation Strategy is designed to support the growth objectives of the Freeport through strengthening the "investability" of the region, leveraging regional strengths and supporting the development and retention of key skills, availability of key facilities (such as test beds, research and trials areas) and supportive growth networks (such as working groups and innovation centres).

1.10.3 Plans for accessing wider innovation funding

The LCR Innovation Strategy identifies a wide range of existing and planned regional initiatives with identified funding sources on which to build future programmes and leverage to access future funding opportunities. Key to the success of the LCR Freeport innovation programme is the development of public (national) funding from government, hybrid (public/private) models of co-investment and the development of private sector backed innovation support programmes or facilitated SME supply chain procurement programmes.
National funding opportunities aligned to the growth objects of the LCR Freeport will be actively targeted through the innovation partners. The LCR Freeport Innovation Strategy is created collaboratively across regional and national innovation organisations. The innovation partners will continue to work collaboratively to scout and secure wider innovation funding that can enable regional initiatives fitting with the growth objectives of the LCR Freeport and wider region.

By example, the Liverpool City Region has a strong maritime heritage, with a substantial economy based on the sector, supporting 52,000 jobs and £4.2bn of domestic output. The recently announced, multi-year extension to the Clean Maritime Demonstrator Competition is actively being explored by the innovation partners to bid for and launch initiatives that demonstrate regional strengths and technology capability and showcase these to the global market to stimulate future investment. MaRI-UK are additionally seeking significant Government investment for a Zero-Carbon Coastal Highway programme which may present another funding opportunity for the LCR freeport.

1.10.4 Innovation Issues to be solved and addressed

The innovation issues to be solved and addressed are set out as the LCR Freeport Innovation Grand Challenges. These are:

- Transferable solutions to optimise and decarbonise the ports sector through LCR Freeport Gateways, notably port operations, vehicles, and vessels whilst in port (which could include cold ironing);
- Transferable solutions to optimise and decarbonise ancillary Freeport freight and logistics networks and operations, e.g. multi-modal optimisation, future fuels for heavy goods vehicles, smart approaches to last mile logistics and the infrastructure to support alternative fuel sources (hydrogen and electric);
- Facilitating "Smart Borders" in line with the UK 2025 ambition, i.e. testing and implementing new, transferable digital systems, approaches and solutions to maximise the efficiency of customs and borders, revenue collection and moving goods safely and securely through LCR Freeport Gateways and across the tariff sites;
- Accelerating the development and adoption of decarbonisation solutions for the maritime sector, including reduction of carbon-based fuels and new propulsion technologies; and

- Building on the unique geography of the Liverpool City Region to identify and deliver new, transferable, research and development based solutions that support the nationally significant renewable energy project on the Mersey.

1.10.5 The impact of innovation activities

See Innovation Strategy at Appendix L. All innovation activities are in response to the Innovation Grand Challenges – focused on supporting the Freeport Net Zero ambitions. The specific impacts will depend on the projects identified through the challenge fund process.

1.10.6 The innovation funding already in place

See Annex to the LCR Innovation Strategy at Appendix L. Through the Freeport innovation partners, an extensive programme of funded activity, aligned to the Freeport has been identified.

1.10.7 Plan for utilising Freeport Regulatory Engagement Network (FREN)

LCR Freeport will continue to engage positively with the FREN to learn from other Freeports and to develop shared opportunities for innovation across the regulatory landscape impacting on Freeports. LCR Freeport has raised ideas primarily linked to the implementation of customs sites seeking ways to enhance the attractiveness of the Freeport simplified procedure and considering how this could be applied widely across existing Freeport gateways i.e. in conjunction with temporary storage locations.

1.11 Trade and investment promotion

1.11.1 Overview

LCR Freeport is a multi-gateway, multi-modal Freeport covering over 310ha of developable land. LCR Freeport includes three tax site locations and strategically located customs zones across all modes of transport, linked to key gateways, including the deepwater Port of Liverpool, Liverpool John Lennon Airport and key rail freight terminals operated by Potters Logistics, Freightliner and Stobart Group. The Freeport covers 45km diameter from the western point at Wirral Waters to the most eastern point at Port Salford on the Manchester Ship Canal, to be connected to the LCR sites via road, rail and water.

- Closest port to over 50% of UK manufacturers
- Over £1bn of investment in logistics infrastructure
- Liverpool City Region's integrated transport infrastructure provides multiple routes to over 650 destinations
- Two international airports in 45 min drive time and 2 hours to London

Investors in LCR Freeport are supported by an established innovation and R&D community, vibrant skills and training infrastructure, long established manufacturing supply chains, 212km full fibre broadband and the expectation that investors will commit to supporting the region's aspirations to create high quality jobs, deliver local social impact and contribute to Net Zero.

The proposition for inward investment is summarised in the figure below.

Markets / Commodities	International Opportunities	Freeport Capabilities
Automotive Biomanufacturing (vaccines) Food and Drink Energy (incl hydrogen) Chemicals	North and South America Germany Ireland France	International connectivity (now and future) UK connectivity Multi modal capability Land Availability Freeport Benefits

1.11.2 Increasing Trade and Investment

Increasing and enhancing investment and trade by working with the Growth Platform

As part of the initiative to increase investment in the Liverpool City Region, the LCR Freeport is developing relationships with the Growth Platform, the organisation established between Liverpool City Region Local Enterprise Partnership and Combined Authority to promote business growth and investment in the area.

As the region's primary processor of inward investment the Growth Platform has a key role in promoting LCR as an attractive destination for FDI. As such, LCR Freeport is working closely with the Growth Platform to incorporate the Freeport's incentives as part of the wider city region's inward investment strategy.

The Freeport and Growth Platform have agreed to increase collaboration and information exchange in relation to inward investment enquiries, as well as shared marketing support to utilise Freeport as a key element of the wider LCR proposition to potential investors.

As part of this agreement to exchange information, the LCR Freeport team has access to Evolutive, the CRM system used by the Growth Platform to record and monitor inward investment enquiries. By utilising this software the Freeport team ensure their activity is shared with the Growth Platform and information is easily accessible to both teams.

To further collaboration between the LCR Freeport and Growth Platform work is taking place to develop marketing collateral geared towards sectors of strategic importance. LCR Freeport is working with the Growth Platform's sector managers to identify specific opportunities that the Freeport provides to potential investors and promoting those accordingly.

Adding strategic value through the LCR Inward Investment Board

The primary forum for exchange of information relating to inward investment opportunities in LCR takes place through the Growth Platform's Inward Investment Board, a monthly meeting to address potential opportunities. Through collaboration with the Growth Platform, LCR has secured a recurring invitation to this meeting, providing an opportunity to share details of relevant enquiries received.

The Investment Board comprises the relevant leads from within the Growth Platform and Combined Authority, in addition to Economic Development leads from the various local authorities represented in the LCR. As such, this provides an official channel to communicate tax site enquiries with local authority leads, in addition to the ongoing conversations taking place on a regular basis away from the investment board between Freeport and LA representatives.

Management and Governance

The LCR Freeport Board will receive quarterly updates on the pipeline of trade and investment leads supported or overseen by the LCR Freeport Team.

1.11.3 Enhancing trade

LCR Freeport, in conjunction with key partners, will work to ensure that the Freeport has a positive impact on trade for LCR based importers and exporters, widening the opportunity for businesses to engage in international trade.
In working with the Growth Platform, LCR Freeport will create routes to market for LCR based companies, developing relationships with international stakeholders that can provide opportunities for LCR traders to penetrate their markets.

LCR Freeport will also work to identify critical, sector-aligned international tradeshows and exhibitions at which promotion can foster import-export opportunities for LCR based traders.

LCR Freeport views the establishment of a network of customs site operators as key to the strategy to enhance trade through the Freeport. A cohort of well-established CSOs with an ability to provide a smoother, less-onerous service to their clients provides significant benefits to the ability of LCR business to import and export. With the creation of this network, it is anticipated that LCR Freeport can support the growth of the regional logistics industry, a key component in enhancing trade.

1.11.4 Investing in key sectors

The focus for LCR is opportunity to attract new businesses who can draw advantage from proximity to established key sectors (automotive, biomanufacturing/health and life sciences, food and drink, energy and chemicals) and benefit from established supply chains and skilled labour.

- The **Automotive** sector contributes £830m GVA to the local economy, with significant growth over the last decade, averaging 14% per annum. The automotive sector employs 7,000 people, an increase of 3,000 since 2010 with major brands and companies, including Jaguar Land Rover, Ford Motor Company, Stellantis, Toyota, Leyland Trucks and Bentley Motors within short journey distances to the LCR Freeport.
- The **Biomanufacturing/Health and Life Sciences** sector contributes £2.1bn to the local economy, supporting 49,595 jobs. Department for International Trade has developed a

'High Potential Opportunity for Vaccines' in recognition of the strategic strengths and opportunities for new growth in the sector regionally.

- The **Food and Drink** sector represents c17% of UK manufacturing with growth of 3.1%. The LCR Freeport has the opportunity to attract new investment building on existing shipping services via the Port of Liverpool to hinterland locations to existing customers, including Heinz and Kellogg's.
- The development of HyNET (the regional **Hydrogen** manufacturing and distribution project) presents significant opportunities for high temperature industries currently reliant on high volumes of natural gas and electricity. Existing businesses across the foundation industries are exploring how alternatives to natural gas can reduce exposure to natural gas and reduce carbon emissions.
- The **Chemical** industry in the Northwest is valued at £10bn and actively engaged in projects to improve resilience and productivity through digitalisation. HyNET is expected to support growth and investment across the chemicals sector in the Liverpool City Region.

Optimum location for global trade

LCR Freeport is built upon the Victorian infrastructures established when Liverpool and Manchester were at the forefront the industrial revolution and global centres for trade. LCR Freeport is an opportunity to once again aggregate the customer base and industrial capacity to establish trading routes within supply chains and the trade of finished goods. The NW location is ideal for trade with the Americas and Ireland and increasingly suitable and attractive for global and EU shipping lines. The location means that trade and co-investment between the America's and Ireland along with major manufacturing countries in the EU, e.g. Germany and France is accessible and cost effective. LCR Freeport is therefore a convenient hub location for import, export and manufacturing between the American and EU customer markets, manufacturing businesses and suppliers.

Locations prime for attracting investment

LCR Freeport has over 310ha of land available for investment across three strategic locations.

- **Parkside, St Helens**: the largest strategic employment site in the City Region. Located in St Helens close to the M6 and M62. It will attract **advanced manufacturing** and **logistics** businesses to large format plots (**200,000sqft** – **616,000sqft**) suitable for large premises with future rail connectivity. Institutional led speculative development as well as occupier led bespoke development options are available.
-
- **3MG, Widnes**: offers direct connections to the UK motorway network and rail access from the West Coast Main Line. 3MG is already involved in the Hydrogen economy supporting capital investment in low carbon fuels and infrastructure. A range of plot sizes is available to suit requirements from **80,000sqft** to **545,000sqft** in **manufacturing** and **logistics** uses aligned to the Freeport key sectors. Institutional led speculative development as well as occupier led bespoke development options are available.
-

- **Wirral Waters**: located around the Birkenhead Docks, a regeneration area of national significance. It comprises significant areas of dockside land capable of attracting a range of port-centric businesses, **advanced manufacturing,** innovation and research and development activities. Sites and premises are available for development on a speculative and bespoke occupier led bases from **26,000sdqft** to **92,000sqft**.

GVA by Sector

Table 1.11 below provides a breakdown of the estimated £400m GVA delivered by the development of the LCR Freeport by sector and by year primarily driven by the development of floorspace across the three tax sites.

Table 1.11 GVA by Sector, all figures £'000

Sector/Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Automotive	0	431	1,972	5,123	6,771	4,962	2,032	1,128	1,909	2,159	1,588	468
Biomanufacturing	£0	£0	£0	1,620	3,379	2,770	1,527	1,076	1,599	2,159	1,588	468
Food and drink	£0	£0	£0	1,103	2,862	2,770	1,011	559	1,599	2,159	1,588	468
Energy	£0	431	1,972	4,019	3,908	2,192	1,021	568	309	£0	£0	0
Chemicals	£0	£0	£0	1,033	£1,033	£0	1,033	£1,033	£0	£0	£0	0
Logistics	£0	18,242	31,329	33,10	48,617	37,474	10,434	6,675	13,471	17,346	12,759	3,764
Other	415	2,588	5,464	15,721	18,065	12,230	5,430	£2,21	2,219	2,159	1,588	468
Total	**415**	**21,694**	**40,737**	**61,730**	**84,639**	**62,400**	**22,490**	**13,255**	**21,111**	**25,986**	**19,114**	**5,640**

1.11.5 Team roles and responsibilities

LCR Freeport Director

The LCR Freeport Director is responsible for cultivating key relationships with potential investors at a strategic level. By representing the Freeport at major international events and exhibitions, the Freeport Director will initiate opportunities for inward investment into the LCR Freeport by promoting the region to a network of potential investors.

LCR Freeport's Director occupies the position of UK representative on the World Free Zones Organization (World FZO). This unique role provides access to an international network of free zone representatives to discuss opportunities for collaboration and drive interest in LCR Freeport.

The Freeport Director has responsibility for shaping the overarching objectives of LCR Freeport's trade and investment strategy, collaborating with relevant stakeholders including the Combined Authority to adopt an approach that creates inward investment opportunity whilst supporting the wider strategy of the LCR. This work can be evidenced in the burgeoning relationship between the LCR Freeport and Free Trade Zone – Port Houston. In identifying the synergies that exist between LCR and Houston, this relationship can develop to highlight opportunities in bilateral trade and generate trade and investment.

Additionally, the LCR Freeport Director retains a responsibility for updating both the LCR Freeport Board and the Growth Platform's Investment Board on Freeport linked enquiries relating to trade and investment.

LCR Director of Business Development and Operations

The LCR Director of Business Development and Operations plays a central role in cultivating inward investment opportunities through the LCR Freeport.

Representing LCR Freeport at international events and exhibitions, the Director of Business Development and Operations has a responsibility to proactively generate inward investment enquiries, working with both the Director and Project Manager to promote the benefits of the Freeport as an investment destination.

Acting as a conduit between the Freeport and investors, the Director of Business Development and Operations has a responsibility to create a pipeline of enquiries for LCR Freeport tax site occupants.

Additionally, the Director of Business Development and Operations supports with internal communication, recording and sharing details of investment enquiries to key stakeholders including the LCR Freeport management board.

LCR Project Manager – Trade and Investment

The LCR Project manager with responsibility for Trade and Investment is a key stakeholder in processing and actioning trade and investment enquiries received, turning interest in the Freeport into real outputs.

Engaging closely with colleagues based in both the Growth Platform and DIT, the PM has access to the central inward investment CRM, Evolutive, updating and actioning enquiries received to maintain a clear and referrable pathway from receipt of enquiry to resulting outcome.

The PM has responsibility for receiving and collating inward investment enquiries from a number of sources including Growth Platform, DIT, Chambers of Commerce, Local Authorities and other external partners. In addition to this, the PM also has responsibility to 'hand-over' unsuitable enquiries where there may be value in the enquirer engaging with other partner organisations.

The PM maintains close relationships with DIT on a regional, national and international level as a key partner in the promotion of LCR Freeport as an attraction for potential inward investors.

In addition, the PM supports the LCR Freeport Director to provide comprehensive and reliable updates on trade and investment opportunities to both the LCR Freeport Board and the Growth Platform's Investment Board.

The PM also attends the weekly marketing and communications meetings coordinated by the Growth Platform, ensuring the Freeport is represented to share updates and drive Freeport visibility at major international tradeshows and exhibitions.

1.12 Skills and workforce development

1.12.1 Analysis of current labour market

The Freeport is expected to create a range of manufacturing and processing facilities across its' sites as part of the drive to create high value, high skill, productive and well paid jobs in the City Region. Following input from employers and employers' networks, relating to the sub sectors set out, consideration of the numbers and the accuracy of the publicly available data and the time constraints, it was determined that an overall staffing model be developed for what might be a typical manufacturing facility of around 500 employees with the key functions as below:

Table 1.5 Typical / Example Role Profile

Function	Number of staff
Production	300
Maintenance and Engineering	70
Stores and logistics	50
Back office	50
Management	30
Total	500

With this in mind, the following roles have been identified to provide an illustration of the number of people fulfilling this role in the City Region at the moment and the number of vacancies in the last 6 months.

Table 1.6 Vacancy estimates

	Estimate of existing		Vacancies over last 6 months		
	Number	Average salary	Number	Average salary	Interest level [1]
Production operative	7,650	£23,064	725	£20,667	20.0
Warehouse worker	5,733	£20,656	4,113 [2]	£21,062	72.0
Production manager	3,503	£39,528	69	£37,500	1.1
Maintenance engineer	7,147	£35,866	605	£37,000	12.0
IT Support	8,640	£24,275	125	£30,000	10.6

Accountant	16,345	£33,024	647	£40,000	18.3
Site manager	4,001	£39,983	396	£50,000	15.7

[1] Interest level is assessed as the level of jobseeker interest in a particular role
[2] A major warehouse facility has opened in recent months, creating over 800 job roles, which explains the peak in adverts for warehouse workers
There are a number of other roles (included those set out in the full version of the Freeport Jobs and Skills Plan) which are necessary for the full operation of the facility: these are shown to provide an illustration.

- **Production operative** – entry level roles require a demonstration of practical skills and a good overall standard of education (e.g. 5 GCSEs at grade 4 and above), with more advanced roles seeking a Level 3 qualification that can be sourced through local colleges;
- **Warehouse worker** – pre employment training can be funded through the devolved Adult Education Budget to provide the specific skills required by employers, with additional training available to support people to progress;
- **Production manager** – production managers can be either qualified in a relevant degree (e.g. industrial engineering) or develop their qualifications and experience over time through a series of HNC/HND qualification: these are available locally through Universities and local colleges and training providers;
- **Maintenance engineer** – University of Liverpool and Liverpool John Moores University both offer highly regarded maintenance and mechanical engineering degree courses, with hundreds of graduates emerging each year as well as being able to provide continuing professional development;
- **IT Support** – there is extensive provision available in local colleges to provide the skills and expertise required to enter these roles, including the new Digital Support T level;
- **Accountant** – there are strong accountancy departments within colleges and universities, and a thriving set of professional institutes locally, able to enhance lifelong learning; and
- **Site manager** – with extensive practical experience, additional leadership and management development is available through Liverpool Business School and Liverpool Management School to provide networks and nationally regarded training and development to enable potential managers and leaders to release their potential.

The Combined Authority has invested funding to support the development of additional provision where this has been required, with examples including the IDEAs Centre at Cronton College, the new training facility for NWTC in Liverpool and the digital academy at City of Liverpool College.

1.12.2 Anyalysis of skills levels

The LCR Freeport team will engage with new occupiers during the pre-development process (up to 2 years before occupation) to determine the skills requirements and identify a joint strategy to recruit from local labour markets, addressing skills gaps as required.

The key enabler for the delivery of Freeport success is the construction of the 3 key Tax Sites at Wirral Waters, Multi-Modal Gateway and Parkside. It is these sites that will be the crucial driver in high value job creation. Each site has fundamentally differing timelines for construction and the tenancy of thus far speculative tenants on site.

Whilst it is anticipated that tenants will be able to occupy Units A & B of Parkside by circa Q2. 2024, it is not yet known which businesses will operate on site. Such enquiries are currently triaged by both LCR Freeport and the Langtree / St Helens Council Joint Venture or supporting agents depending on the origin of such an enquiry and this interest may change with the announcement of additional Investment Zones. Therefore, in the short term it is not possible to provide an analysis of skills level, role types beyond that of a wider understanding of the key areas of industry likely to be attracted into the region;

- Advanced Manufacturing
- Health and Life Sciences
- Green Energy / Net Zero solutions
- Automotive
- Digitalisation

Similarly, with both 3MG and Wirral Waters, it is not yet possible to determine future anchor tenants in the region, albeit their geography does mean that in the Wirral Waters example, a number of businesses will immediately operate in sites already within the Tax Site boundaries e.g. Finsa, Starship etc.

The model detailed in Appendix 2 identifies a number of opportunities already available in particular pertaining to roles centred on logistics / warehousing intrinsic to most operational business models. However, there will continue to exist an element of dynamism in constructing suitable pathways for prospective employees to pursue careers aligned to those businesses yet to be determined. As LCRCA begins to identify the relevant skills gaps in the labour market this will be communicated in a timely manner to ensure training and education provision can be adjusted accordingly to meet the change in demand.

The Freeport Skills programme recommends an iterative approach to curriculum building and a vast network of education providers city wide and beyond have been consulted to ensure they understand the opportunities Freeport will bring to the city region and their role in supporting pathways into meaningful employment for students and those wishing to upskill in the future.

1.12.3 Role of employer representative bodies

LCR Freeport has a designated skills lead (Jonathan Coleman) responsible for supporting the wider LCRCA Skills Plans / Strategy and providing Freeport related information to LCRCA Skills and Employment Board. Further detail is provided in section 4.1.5.

The Freeport Skills Academy will look to support existing external infrastructure, be that SWAPs, Apprenticeships, Internships administrated by education providers such as HE/FE, Chambers, Private sector. All of the above will be branded under the Freeport banner and follow recommendations outlined in LSIP. Curriculums will be shaped by existing skills gaps as well as working collaboratively with businesses and employers to provide a suitable workforce for future operations. This will require an iterative approach as Tax Site tenants will begin to occupy suitable sites and units at varying stages along a 2-4 year timeline. Upon the confirmation of each tax site tenant being awarded a lease, the occupant will then be consulted to develop a skills partnership that best matches their individual needs and tailors existing infrastructure to support.

1.12.4 Employment support focus

A primary focus of the of the LCR Local Skills Action Plan 2022-23 is to tackle "significant employment, unemployment and economic inactivity gaps remaining for women, those from an ethnic minority, those with a disability, young people and older people". Additionally, this aspiration aligns to recommendations prescribed in the recent DfE Local Skills Improvement Plans (LSIPs) set for eight areas of the country in response to the "Skills for Jobs" White Paper.
LCR Freeport will champion these existing policies and support national schemes in particular the Work and Health Programme.
This programme replaces the former Work Programme and Work Choice Schemes and is available to many against a wide eligibility criteria;

- Disabled
- out of work and have claimed unemployment benefits for 24 months
- a carer or former carer
- homeless
- a former member of the armed forces or an armed forces reservist
- the partner of a current or former member of the armed forces
- a care leaver
- a young person in a gang
- a refugee
- a victim of domestic violence
- dependent (or have been dependent) on drugs or alcohol preventing the user from getting work
- an ex-offender upon completion of a custodial or community sentence
- an offender serving a community sentence

Those signed up to the programme will get personal support allowing the individual to match their skills to work that's available and be provided a channel by which to engage with employers providing long-term offers of employment as well as support in training to help those at a disadvantage find work.

Crucially, mental health support is also available to help mitigate problems that may reduce their impact on work.

UK Freeport Hub has strong links with relevant counterparts at DfE / DWP (consulted at the earliest stages of the OBC / FBC production) and continue to disseminate key messaging surrounding this policy. Moving forward, a strong relationship with JobCentre+ (through whom all applications are made) will remain crucial and this will be a key role of the designated Skills lead for LCR Freeport (Jonathan Coleman). Through the LCR Employment Board, organic LCR Freeport communications / engagement plan, and other existing channels LCR Freeport will continue to amplify this messaging and provide clear direction and guidance to prospective employers / employees about suitable schemes and support.

Additionally, LCR Freeport will aim to act as a catalyst in enduring LCRCA support to the 'Restart' programme and further delivery of the Ways to Work and Households into Work schemes.
A coordinated response to supporting people back into work and reducing economic inactivity will continue to be supported by LCR Freeport and the wider LCRCA with Jobcentre Plus leading and Councils at the heart of this response through the provision of Ways to Work services. This has helped those businesses who have been recruiting to find the staff that they need and has been added to with nationally commissioned services targeted at specific needs (e.g. Restart will work with people who have been out of work for 12-24 months).

The City Region has had a long-standing issue with residents having long term health issues which prevent them form fully engaging with the labour market. Recent months have seen positive progress in reducing this number and proportion, and the creation of significant numbers of jobs through the Freeport will contribute further to this.

Freeport employers will be encouraged to become Disability Confident employers, demonstrating how they are showing fairness and equality in recruiting people with specific conditions, and as part of this, options should as job carving and role design will be considered to ensure that people with those conditions can be supported into such job roles.

Colleges and Councils locally have a strong record in promoting supported internships, whereby people with learning disabilities and difficulties are given work experience in suitable employment roles, many of whom lead to substantive roles. This is a particularly fruitful area for employers to address specific skills gaps.

The City Region is also engaged in the Health Foundation funded Economies for Healthier Lives programme which is seeking to improve the health and employment support that people with long term health conditions receive. There is also work under way, following the Metro Mayor's Mental Health Summit in May 2022, to enable employers to be better able to support the promote the mental health of their employees.

1.12.5 Engagement with skills providers and skills sector

The membership of the Employment and Skills Board was refreshed during 2020 with 10 new business members appointed, to work with the existing Council Employment and Skills Portfolio Holders, Colleges, Training Providers, Universities, Jobcentre Plus and TUC. Asif Hamid, Chair of the LEP Board, is acting as Interim Chair and providing the impetus and drive required to facilitate the Board's work.

LCR Freeport will in the immediacy feed directly into this network via the existing LCRCA channel and a designated Freeport Management Team lead for Skills (Jonathan Coleman). From Q2 2023 however a bi-annual decision point will be made by SRO (Freeport Director) to either advance or halt the inception of a Freeport Skills Board. Such a board would likely comprise of representatives from all local Chambers of Commerce, Universities, Association of Colleges and a selection of both primary, secondary and private education providers as well as a collective of city region employers. The requirement for such a board would be measured on the level of expected activity.

As an engagement strategy the Freeport has sought to foster skills development at each education stage. Initially, those in primary and early secondary education will receive information on the Freeport model and its impact on the city region through Growth Platform's Careers Hub. This would then be followed by further information available at the latter stages of secondary education including work experience, jobs fairs etc. Both Higher / Further Education providers in Liverpool have been consulted throughout and will play a large part in signposting students and alumni to potential employers as businesses within the Freeport begin to expand and create a demand. This will be bolstered by the LCR Freeport website which in time will have a dedicated section to support job advertisements.

LCR Freeport Board will nominate a skills champion to lead on the oversight of the skills programme for LCR Freeport. The LCR Freeport Project Managers working closely with local council's and tax site developers will be made aware of occupier interest. LCR Freeport Project managers will then work in support of the labour requirements of the occupiers to put shared skills and labour strategies in place.

1.13 Regeneration

This sections sets out the regeneration statement of the LCR Freeport.

Overview

LCR Freeport is a multi-gateway, multi-modal Freeport which will unlock over 310ha of developable land, all of which is allocated for employment uses in planning policy, with the construction of over 700,000sqm of commercial floorspace. The LCR Freeport supports regeneration and levelling up by:

- establishing a hub for global trade and investment and be the primary UK west facing multi-modal global gateway for trade;
- attracting over £150m of new investment over the first 10 years across sites that have suffered from decades of under-investment;
- delivering local investment including through the re-investment of retained business rates;
- offering substantial economic impacts and support the creation of an net additional GVA per annum of £379.2m and create over 10,000 net direct and indirect jobs in keeping with the Metro Mayor's Fair Employment Charter and with the support of the LCR Freeport Skills Fund and Skills Academy;

- creating a hotbed of innovation with support from a LCR Freeport Challenge Fund and the LCR Freeport Living Lab (a programme connecting identified business challenges with knowledge holders and universities able to provide research solutions); and
- helping deliver Net Zero ambitions – LCR was the first combined authority in the country to declare a climate emergency. Freeport funding will enable research and demonstration projects to be delivered which will showcase low carbon solutions across the LCR

Regeneration strategy

1 in 3 of LCR's neighbourhoods are in the 10% most deprived nationally with 1 in 4 people of working age having limiting health conditions. Life expectancy is 2.5 years lower than the England average. The LCR Plan for Prosperity sets out a plan to deliver transformational change that addresses the core challenges, creating an effective economy that works for all people and places.

LCR Freeport is a key driver for the outcomes set out in the LCR Plan for Prosperity. LCR Freeport will help LCR realise its vision for a fairer, cleaner and stronger City Region and capitalise on the distinctive proposition that the City Region has to offer. LCR Freeport has firm commitments to delivering social value and will embed the principles of the Equality Impact Assessment to ensure the Freeport delivers opportunity across the protected characteristics in the City Region.

The Plan's strategic priorities are well aligned with the opportunities facilitated by the LCR Freeport:

- An inclusive City Region where levelling up means no-one and no place is left behind – the LCR Freeport has plans for tax sites, customs sites and LCR Freeport Gateways in every part of the LCR Region and across strategic employment sites serving LCR communities in adjacent areas.
- Pioneers of the Green Industrial Revolution – the LCR Freeport Innovation Strategy is focused on addressing the innovation challenges identified by the LCR Combined Authority and key innovation stakeholders to address the negative impacts of a growth in trade and economic activity and accelerate the move to Net Zero.
- A global confident and outward looking City Region – the Inward Investment proposition for LCR Freeport is focused on attracting major overseas companies in target sectors who can most readily take advantage of the LCR Freeport financial incentives and benefit most from existing aligned business customers, suppliers and labour markets.

LCR Freeport levers for Regeneration

LCR Freeport provides a unique opportunity to support the region's work on achieving regeneration and levelling up. Working alongside the other UK Freeport's and HMG, LCR can effectively communicate the opportunity for investment for the North West focused on the three tax sites across LCR, widening the scope for awareness and opportunity to national and international partnerships.

Specifically, the LCR Freeport will use the available levers to support regeneration and levelling up as follows:

- LCR Freeport Seed Investment – the £23.5m Seed Investment Fund will deliver a series of essential infrastructure to enable the delivery of the Parkside tax site, the Port of Weston strategic site and Wirral Waters tax site.
- Seed Investment in skills and innovation - £1.5m of the fund is allocated to capital projects to support the implementation of the innovation and skills programmes. Innovation is a key component of the LCR Freeport and the LCR Plan for Prosperity. LCR Freeport investment will stimulate partnerships to identify collaborative projects to address innovation challenges and establish commercialization opportunities for the solutions identified. Ensuring there are no gaps in the existing skills infrastructure is essential in ensuring that the roles created across the LCR freeport are accessible to local people, especially those in deprived communities.
- Tax site benefits – promoting the availability of tax reliefs and investment incentives to accelerate the delivery of the City Region's largest new employment sites providing roles in construction, manufacturing, logistics as well as professional services and in local supply chains. The tax sites will collectively create c10,000 new jobs and drive demand for local training provision and upskilling of local people.
- Customs benefits – establishing a cluster of customs sites across the City Region which collectively increase the attractiveness for trade and future co-location of business in the City Region. Customs sites have the opportunity to reduce the cost base for importing and exporting business and therefore increase the attractiveness for investment, creating jobs and skills opportunities for local people.
- Investment from retained rates – the retention of business rates for 25 years will drive infrastructure, property, skills and innovation investment across the City Region. Tax Increment Finance schemes operational in St Helens, Halton and Wirral will utilised secured retained rates to borrow to invest in infrastructure, support business growth and attract inward investment.

Summary

LCR Freeport will accelerate the creation of jobs, inward investment, innovation and skills provision across the City Region. It will work in support of existing plans and investment proposals to maximise the attractiveness of the City Region for global trade and growth ensuring that the opportunities created are accessible to people across the City Region. LCR Freeport will reduce the inequalities across LCR by providing sustainable quality jobs while driving high environmental standards in support of local 2040 Net Zero targets and localised environmental concerns.

1.14 Project Pipeline

Planned private investments – the private sector is ready to co-invest with government across the LCR Freeport. Parkside Regeneration will invest c£120m in the delivery of Phase 1 Parkside West because of the Seed Investment Funding in the Parkside Link Road. Eksen will invest £28.1m in the development of Port Weston following the investment of Seed Funding to the enabling infrastructure. Peel Land and Property have identified c£53.6m of investment projects across the MEA Park site, which subject to attracting occupiers, will progress following investment in the Seed Funding. Private Sector partners (Liberty, Esken and CDP) are ready to invest subject to securing occupiers and are optimistic of realising developments once the LCR Freeport is secured and can be promoted.

Planned public investments – the key investments in LCR Freeport by the public sector are summarised in the table below.

Table 1.7 Project Pipeline – aligned to the indicative TIF schedule , figures £'000

Project Description	Strategy/ Objectives	Estimated Capital Cost	Estimated Revenue Cost	Expected Outputs	Funding Status	Delivery Timescales	Geographical Scope	Freeport Objectives
Strategic Rail Freight Interchange	Multi-modal transport links, carbonising freight, reducing air quality and congestion	£30,000	N/A	Significant FTE and development floorspace enhanced	Subject to St Helens TIF	Planning and project development to 2025, rail development 2007, implementation to 2030	Nationally significant transport asset	Jobs creation, Net Zero
Parkside Energy Provision	De-risk and accelerate physical development	£5,000	N/A	Linked to floorspace opportunity	Subject to St Helens TIF	2 Year lead in for new Primary Substations	Local to Parkside	Job creation, Net Zero
St Helens Transport Schemes	Enable complete development of Parkside	£53,750	Revenue requirement funded by retained rates	Linked to floorspace opportunity	Subject to St Helens TIF	4 Year Process from pre-development to construction completion	Local to Parkside	Job creation, Net Zero
St Helens regeneration proposals including projects supported by ECF and public transport improvements	St Helens Local Plan and Regeneration Masterplans for St Helens and Earlstown Centres	£60,185	Revenue requirement funded by retained rates	Regeneration outputs	Subject to St Helens TIF	4 Year Process from pre-development to construction completion	St Helens	Job creation, Net Zero, Regeneration / Levelling Up
Ditton Passenger Station	Part of vision for 3MG regeneration area	£12,000	Revenue requirement funded by retained rates	Regeneration outputs, linked to 3MG delivery / sustainability	Subject to Halton TIF	4/5 Years allowing for NR GRIP process	3MG / Widnes	Job creation, Net Zero, Regeneration / Levelling Up
Halton Regeneration / Levelling Up Priorities	Range of regeneration proposals aims at stimulating investment and outcomes for the town	£68,390	Revenue requirement funded by retained rates	Regeneration outputs, linked to 3MG delivery / sustainability	Subject to Halton TIF	4/5 Years	3MG / Widnes	Job creation, Net Zero, Regeneration / Levelling Up
Wirral highways Projects	Key infrastructure improvement projects to enable growth in and around the Wirral Waters and Northside sites	£23,700	Revenue requirement funded by retained rates	Regeneration outputs, linked to 3MG delivery / sustainability	Subject to Wirral TIF / Transport funds	4/5 Years	Wirral	Job creation, Net Zero, Regeneration / Levelling Up
Northside Viability	Gap funding to enable developments to progress at pace	£27,839	Revenue requirement funded by retained rates	Regeneration outputs, linked to WW delivery / sustainability	Subject to TIF	4/5 Years	Wirral	Job creation, Net Zero, Regeneration / Levelling Up

MEA Park Viability	Gap funding to enable developments to progress at pace	£11,100	Revenue requirement funded by retained rates	Regeneration outputs, linked to WW delivery / sustainability	Subject to TIF	4/5 Years	Wirral	Job creation, Net Zero, Regeneration / Levelling Up
Electricity Upgrades	De-risk and accelerate physical development	£20,000	N/A	Linked to floorspace opportunity	Subject to Wirral TIF	2 Year lead in for new Primary Substations	Wirral	Job creation, Net Zero

1.15 Outputs and outcomes

1.15.1 Outputs

The LCR Freeport will unlock over 310ha of land for development and 841,620sqm of commercial floorspace and result in over £150m of total investment in the first 10 years. The LCR Freeport will deliver over 13,213 gross direct and indirect jobs and £722m gross GVA per annum.

The LCR Freeport target outcomes, as guided by the government's freeport objectives of trade and investment, levelling up and creating hubs of innovation are set out as follows:

1. To establish a hub for global trade and investment in Liverpool City Region

- Trade – LCR Freeport will be the primary UK West facing multi-modal global gateway for trade
- Customs zones will be promoted to eligible operators to increase global trade and value-added processes across LCR. Customs zones can reduce administrative costs and increase the efficiency of businesses who process goods in sectors and markets which attract tariffs.
- Infrastructure Seed Funding will accelerate the delivery of key advanced logistics and manufacturing capacity increasing the opportunity to attract trade through the LCR Freeport Gateways. Seed Funding will promote innovative solutions for low carbon investments and solutions, increasing the attractiveness of LCR as a region for investment.
- Investment – LCR Freeport is a major driver of inward investment and growth across LCR attracting over £150m of total (Public and Private) investment over the first 10 years.

  Investment in the Tax Sites will enable and accelerate the delivery of the region's largest vacant strategic employment sites. The tax measures available and the ability to re-invest retained business rates in unlocking future phases with enabling infrastructure ahead of need will allow the private sector to invest at scale and with confidence. Tax measures will increase the attractiveness of 3MG sites and support the value proposition of investment at that location. The focus on advanced manufacturing and logistics means that allowances for buildings and plant and machinery will have a material commercial benefit to the project.

  Seed Investment Funding of £25m is expected to unlock c£150m of investment over 10 years. The economic case sets out the Value for Money modelling associated with the project, but the targeted LCR Freeport investment will secure a transformational level of investment across sites that have suffered from decades of underinvestment.

- LCR Freeport Skills Academy will drive interest and demand for courses associated with opportunities in the LCR Freeport. The Academy's role to build the profile of the opportunity and coordinate the response of the FE colleges across LCR will help them lever new investment and with greater participation, improve their performance and turnover.
- LCR Innovation Hub will set out clear innovation challenges and provide the cross sector collaboration platform. This programme will help partners secure R&D investment and increase access to knowledge partnerships to help advance R&D investment proposals, partnership funding and new investment.
- LCR Freeport Tax Increment Finance could invest c£100m in LCR Freeport projects and a range of community, regeneration, skills and innovation programmes across LCR.

2. To deliver local regeneration, levelling up and inclusive quality jobs to communities of need

- Jobs – the LCR Freeport is a key part of the region's economic growth strategy (Plan for Prosperity) and a key driver for addressing high unemployment across the Liverpool City Region, through the creation of jobs and additional GVA. LCR is committed to quality jobs and inclusive job opportunity. The LCR Freeport aims to promote the Metro Mayor's Fair Employment Charter.
- Increased skills and productivity – the LCR Freeport will deliver inclusive growth via the Freeport Skills Academy working to ensure that the skills pathways are accessible to communities across the LCR to secure the available employment opportunities.
- LCR Freeport Skills Fund and Skills Academy will ensure that local people can access the 10,628 new jobs created by the Freeport.
- LCR Freeport Innovation Fund will bring together key partners from across the innovation ecosystem in LCR to identify challenges, collaboration partnerships, and solutions to drive productivity and address negative LCR Freeport externalities.
- Investment of retained business rates will be used to drive local regeneration. Halton, Wirral and St Helens will develop a range of projects suitable for the investment from retained business rates which both accelerate the implementation of the Freeport and drive local regeneration. An example project, already identified, is the re-opening of Ditton Railway Station.
- To create a hotbed of innovation – throughout the Freeport Submission and preparation of the Full Business Case, key stakeholders from the innovation sector, in particular the two partner Universities have been driving the development of the Innovation workstream. The LCR Freeport will deliver:
- LCR Freeport Challenge Fund – a specific revenue and capital challenge fund to support universities and business to develop solutions to the LCR Freeport Innovation Challenges
- LCR Freeport Living Lab – a solutions-based programme of connecting identified business challenges with "knowledge holders" and universities able to undertake primary and other research.

Key project proposals include:

- Net Zero Maritime Sector, eliminating maritime diesel emissions from ports and vessels; and
- Regulatory Innovation and improved use of digital technologies to reduce cost and increase competitiveness of LCR for global trade.

3. **Deliver the Net Zero ambition** – LCR was the first combined authority in the country to declare a climate emergency. The region is fully committed to achieving Net Zero by 2040. Freeport funding will enable research and demonstration projects to be delivered which will showcase low carbon solutions across the LCR Freeport - building on world-leading academic expertise, research excellence and innovation in green solutions such as hydrogen production and storage; CO_2 conversion and capture; battery technologies for energy storage; and biomass energy.

1.15.2 Benefits expected from the three Tax Sites

An overview of the key economic benefits is provided the in Table 1.8 below.

Table 1.8 Key Benefits by Tax Site (total over life of Freeport, 25 years)

Tax Site	Net Additional Jobs	Net additional GVA (£m)
Wirral	1,828	101.7
3MG	895	50.2
Parkside	5,647	227.4
Total	8,370	379.2

1.15.3 The geography of benefit, including how the benefits will spill out from tax, customs, and investment sites to the wider Freeport geography and sub-region.

A map showing the location of each tax, customs, and investment site is provided at Annex E.

1.16 Tax site compliance

The three Tax Sites complies with Section D of the Setup and Delivery Model Guidance, namely:

- The physical requirements of a Freeport Tax Site
- The regeneration need requirement of a Freeport Tax Site
- The 'underdeveloped' requirement of a Freeport Tax Site

A map of each proposed site should is provided at Annex E.

1.17 Decarbonisation and the Freeport

The Freeport offers an opportunity to drive innovative approaches to help secure a low carbon city region and is a core part of the Freeport's purpose. LCR Freeport recognises the Government's emissions targets of 68% reduction by 2030, 78% by 2035, and Net Zero by 2050. A Net Zero Framework has been prepared for the LCR Freeport by ARUP. This Framework sets out the detail of the LCR Net Zero approach and is contained at Appendix P.

Liverpool City Region has declared a climate emergency and is committed to achieving net zero carbon by 2040. It is committed to a cleaner, stronger and fairer City Region and is hugely ambitious in its low carbon aspirations – it's strategic aim is to be a 'Pioneer of the Green Industrial Revolution'.

LCR Freeport will give the City Region the opportunity to contribute to UK-wide carbon reduction goals by connecting the Port of Liverpool to sustainable freight routes that avoid the need for lengthy road transit. The Freeport will also champion low carbon road freight solutions including first and last 5-mile electric solutions as well as explore the feasibility of landside hinterland facilities and connections with options for moving goods with a lower carbon emissions and less impact on local air quality. The Freeport Innovation Programme will coordinate with stakeholders in Sefton to agree and set out innovation challenges relating to port access and actively facilitate projects and solutions to address the challenges set.

The multi modal gateway described in this FBC will connect the UK to the rail, light rail and inland waterway networks to accelerate the move to decarbonised freight transit. The Port of Liverpool recently announced a new China – Liverpool – Birmingham route that utilises rail for the UK leg.

The City Region includes world leading innovation networks, with academic research and industrial partners in the vanguard of clean, non-fossil technologies. LCR aims to provide a showcase to demonstrate the value of these technologies in global operations, creating a skills and employment base that can be exported worldwide. In particular this will build on areas including existing investments in hydrogen production. The City Region has hydrogen assets at scale and the skills and knowledge base to support the industry as it transitions to the production of green hydrogen (the HyNet North West hydrogen cluster is a key initiative). The programme of hydrogen-based interventions can dovetail the Tidal Power Project to further strengthen renewable energy diversification for the UK. Through the LCR Freeport there will be a significant opportunity to attract further inward investment at scale to cement LCR's position as a leader in this area.

The Freeport will provide LCR with the ability to create zero carbon manufacturing and industrial hubs, connected by non-fossil freight to the rapidly decarbonising maritime industry. In keeping with the global nature of the Freeport, the City Region intends to meet and exceed the ambitions for climate action demonstrated by international trading partners. This would make LCR a model of low carbon, sustainable future manufacturing and trading based on circular economy/zero waste principles.
LCR Freeport will ensure that:

- all new developments consider the carbon impacts during construction and in operation;

- all investments are appraised against a value framework that includes environmental, social and economic values; and
- there is a commitment of the Freeport Management Board to monitoring progress and annual reporting on carbon, greenhouse gas emissions and corporate social responsibility (CSR), following the Government's SECR reporting as well as GRI aligned CSR reporting.

The Freeport will allow LCR to reshape disused industrial sites to create exemplar new developments constructed using the latest technologies. The Freeport Management Board will promote and encourage new developments to achieve high environmental standards. More detailed work on this will be undertaken by the Freeport Management Team early in the Freeport Setup Phase.

The Freeport Management Board will promote the use of Net Gain as a mechanism for ensuring that developments across the Freeport create a net positive natural value. The Freeport proposal will deliver a global exemplar for a net-zero future, which will be in line with LCR's 2040 Climate Action Plan Guiding Principles.

1.18 Equalities

The LCR CA and partners are seeking final approval for an inclusive, low carbon, modern multi-modal, multi-gateway trade and logistics platform across a network of key sites which will attract high value inward investment. It will support growth and quality employment in key sectors and help regenerate communities across LCR through industry, innovation and collaboration.

The Equality Impact Assessment is available in Appendix O. It was undertaken by the LCR CA Equalities Advisor, Corporate Services Lead and Policy Coordination Lead in conjunction with the Freeport Management Team.

The EIA is framed in the context of an emerging Equalities Governance infrastructure currently being established in the Liverpool City Region. The EIA sets out this structure. The EIA considers all aspects of the Freeport Governance and Management, investments in infrastructure and delivery across the tax sites against the identified protected groups. The EIA will be reviewed by the Freeport Management Team and LCR CA 6 monthly and reported to the Freeport Board annually. The EIA will be refreshed annually.

Diverse governance based on core values
LCR Freeport partners believe in the benefits that diversity brings, and that diversity of thoughts, experiences and background will support delivery of all the Freeport objectives, which includes a set of core values including contributing to social mobility and the promotion of EDI.

For the purpose of the governance structure diversity includes, but is not limited to, skills and experience, gender, and ethnicity. Board and Steering Group appointments will reflect the diverse nature of the environment in which the LCR Freeport operates and will be made in the context of the skills, knowledge, experience, background and independence that is required for the governance structure to be able to ensure effective delivery.

Therefore, with diversity being a core component of LCR Freeport's governance structure, and as a public/private partnership with a wide range of interests, it will reflect the needs and aspirations of the City Region's broad business/sector base and residents across all of its communities.

Stakeholder engagement

Effective and diverse stakeholder interaction will be at the cornerstone of the delivery of the Freeport objectives. The diversity within the proposed governance structure includes a Steering Group and thematic sub-groups that will ensure engagement is multi-faceted and connects with all communities and the broader business base. Underpinning this is a detailed Stakeholder Engagement Strategy [to be developed] which ensures consistent and systemic approaches.

Partners understand that equality, diversity, and inclusion intersect with stakeholder engagement, and so there are also key practical steps that will be reflected across all activity:

- Extensive stakeholder mapping as part of a continuous process.
- Effective communication strategy, understanding that not all groups of stakeholders communicate in the same way, therefore being flexible and adjusting as necessary.
- Full accessibility in how stakeholders can access, communicate, and engage with the Freeport partners – this is particularly important for local communities with higher levels of need who can be harder to reach.
- Ensuring appropriate language and methods of communication depending upon the stakeholder group.
- Schools' engagement to promote the opportunities of Freeport and raise the level of aspiration in under-represented communities. An Inclusion and Diversity sub-group will underpin this activity, and more.

All of the stakeholder management will be managed through Customer Relationship Management (CRM) software, enabling Freeport partners to track and manage the depth of diversity and inclusivity in stakeholder management activities.

Furthermore, to ensure inclusivity and diversity, LCR Freeport's stakeholder management will go beyond mapping and communicating, to nurture and incorporate a culture of co-design and working proactively with stakeholders to develop the most effective solutions for localities and the City Region, ensuring that the Freeport supports the LCR's agenda of diversity, fairness and inclusivity.

There will also be full openness and transparency to sharing – in various accessible ways - performance information and progress, including EDI data, across all aspects of the Freeport. This will build trust with all stakeholders and communities, increasing buy-in and stakeholder's willingness to constructively work with partners on a consistent basis.

The Freeport's appraisal of impacts by protected group is summarised in the Equalities Impact Assessment. The LCR Freeport will work within the context of the LCR CA Equalities Strategy and consult across the Equalities Boards, Young CA and other appropriate forums to ensure opportunities to embed equality of opportunity and access are maximised across the Freeport's operations.

The Equalities Assessment re-iterates the challenges faced by the LCR Freeport sites in terms of deprivation and unemployment of the surrounding population. The Freeport investments have subsequently been targeted at locations where regeneration opportunity is greatest, and through a programme of skills and employment access and promotion, communities will be supported to achieve their full potential.

The growth of a truly inclusive economy is central to LCR's long-term economic ambitions. The LCR Freeport is committed to safeguarding rights for workers, real living wages and equality, diversity and inclusion. The landmark LCR Fair Employment Charter sets the blueprint for ensuring that the Freeport's creation will safeguard and promote the rights and opportunities of people with protected characteristics by promoting practical measures such as targeted recruitment, creating career pathways, and fostering staff voice through support networks.

Amongst several actions, the Equalities Impact Assessment sets out how the LCR Freeport will take a proactive approach to confronting both direct and indirect forms of discrimination in areas such as disability. Working with local/national equality leaders, the Freeport team will ensure resources are invested in breaking down long-term structural barriers to employment and representation for people with protected characteristics within all organisations who interact within the Freeport.

The Freeport will work to foster good relationships between communities and will celebrate difference – to help create a truly open landscape to live and work. This will help attract regional, national, and international talent to LCR Freeport, complementing investment within the existing skills development of local people with protected characteristics.

1.19 Environmental Impact

1.19.1 Introduction

The LCR Freeport Board takes environmental responsibility very seriously and will be looking for Seed Investment projects and the developments across the tax and customs sites to demonstrate good environmental and social value. The Freeport Board has made it clear that Freeport is an opportunity to create added value and showcase how the Freeport levers can support improved standards across the whole Freeport operation – from construction of infrastructure to the management of manufacturing processes.

1.19.2 Key areas of environmental impact

Impacts assessed at planning stage

Through the planning process, each development is required to set out compliance with UK environmental law and in doing so demonstrate with evidence, at the appropriate level the impact on the land and habitats relating to the development scheme. Some sites are on previously developed land (3MG and Wirral Waters) such that the land has a low environmental quality and the impact of development is low in terms of impact on biodiversity. Other sites, in particular those at Parkside are on former colliery land but the land has to some extent naturally regenerated. For Parkside Phase 1, the scheme will commit to a 10% Biodiversity Net Gain approach such that any biodiversity loss will be replaced by at least 10% more biodiversity. At the planning stage, the requirements for an Environmental Impact Assessment will be determined and followed. In addition, an assessment of flood risk will be undertaken. This has implications at Wirral Waters for example and influences the finished floor levels among other design aspects.

Impacts during construction

Due to the nature and scale of the developments within the Freeport, each will be constructed by a construction company of significant standing – all of which will be expected to demonstrate their environmental and social value credentials. The Considerate Constructers scheme is one example of how contractors are able to demonstrate their commitment to environmental quality.

Environmental impact of the operation

The developments across the Freeport are keen to demonstrate their ongoing sustainability and environmental credentials as they understand the competitive market for occupiers and the increasing demand for occupying businesses to demonstrate to their staff and customers the importance of protecting the environment and reducing carbon emissions. Developments within the Freeport will determine the quality of the scheme according to the BREEAM assessment framework, target an EPC of A and be Net Zero in operation.

Governing the environmental ambition

The Freeport Board will require a standing report on environmental performance across LCR Freeport operations and developments. The draft Monitoring and Evaluation Framework includes key measures in this area which will be used to capture data and demonstrate good practise in this area.

2 Economic case

2.1 Introduction

The Economic Case updates the economic assessment set out within the OBC based on further refinement of the investment programme and project proposals for the approved Tax sites. The preferred option for the Freeport has been determined through the OBC and subsequent engagement with Government. Therefore, the analysis focuses on the proposed Freeport option, setting out an updated assessment of economic costs and benefits to confirm value for money. The methodology used is consistent with the HM Treasury's updated Green Book (2022) and DLUHC's Appraisal Guide (2016).

2.2 Option Appraisal

The OBC presented a comprehensive overview of the process for scoping and shortlisting options. Economic analysis undertaken to support the approval of the OBC has determined the preferred option for the Freeport and the enabling seed fund investment.

A range of alternative options for the proposed funding programme to deliver the LCR Freeport have been considered. The identification of long-list options was driven by workshops to assess alternative sites and associated infrastructure for delivery through Freeport Seed Fund investment. The long list options are outlined as follows:

- Business As Usual (BAU) – the activity supported in the absence of Freeport designation and associated seed funding;
- Minimum viable – the minimum level of investment needed to address fundamental barriers to the delivery of the proposed sites in accordance with Freeport policy guidance. For Parkside, the proposed seed fund investment is required at an early stage to unlock development activity. For other sites, development would proceed - albeit to a reduced extent and at a slower pace;
- Proposed Freeport – the level of activity unlocked through the implementation of a programme of investment of £25m across the Freeport sites;
- Increased investment – a more comprehensive programme of investment aimed at fully addressing barriers to development and implementing a works package aimed at promoting an exemplar low carbon Freeport.

The assessment of long-listed options has been based on their ability to meet a range of critical success factors (CSFs).

- Strategic fit – consideration to the extent to which options achieve the project specific objectives and provide holistic fit/synergy with the policy objectives identified in the Strategic Case.
- Potential Value for Money – an assessment of potential Value for Money of the option.
- Affordability – an initial assessment of the relative cost of the options and whether they could be delivered within budget.

- **Achievability** – consideration of the extent to which the options are deliverable in terms of suppliers, dependencies and risk (including planning), timescales and the organisations experience.
- **Acceptability** – consideration of the extent to which the options are acceptable to the identified project stakeholders.

Options that fail to meet a CSF were rejected at this stage and not taken forward to short-list, in line with Government guidance.

The results of the strategic long-list assessment are summarised in Table 2.1.

Table 2.1: Long-list assessment

Option	Strategic fit	Potential VfM	Affordability	Achievability	Acceptability
Business As Usual (BAU)	Fails to deliver the objectives of the Freeport in terms of promoting economic growth and supporting Levelling Up	No public sector investment or other intervention proposed under the BaU.	Likely to be affordable under existing funding mechanisms	Established mechanisms to support delivery of base level of development	Established arrangements would not realise the strategic opportunity associated with the designated sites and assets
Minimum viable	Contribution would be partial, facilitating Parkside but failing to maximise growth at Wirral Waters and 3MG. On this basis, the contribution to a LCR Freeport vision and local objectives would be impaired.	Through enabling Parkside, the scheme would generate substantial benefits, though activity at Wirral Waters would be much diminished. Overall, it is envisaged that VFM would be acceptable but would not fulfil the potential of the Freeport designation.	This option would be more affordable because of the reduced scale of intervention. However, the potential to unlock growth and economic activity within the Liverpool City Region would also be more limited.	The minimum viable option would focus on immediate delivery priorities, notably the Parkside Link Road, required to unlock strategic growth. However, the reduced investment in dock infrastructure would impede the development of parts of the designated Freeport.	As this option would fail to facilitate the creation of a pan-LCR Freeport, it is confirmed that it would not be acceptable to local stakeholders including local authorities within the LCR
Full Development	Fully responds to the strategic objectives for Freeports at the UK and local levels, maximising the rate of growth and supporting key LCR assets	The proposed interventions are targeted to maximise initial growth, realising opportunities to generate additional funding through NNDR retention	The proposed Seed Fund investment is deemed to be affordable within the context of a high profile national initiative	The proposed investment package is considered to be highly ambitious but achievable, based on engagement with key land owners and developers	The preferred option is deemed to be acceptable as it will offer the best opportunity to promote growth and provide a sustainable platform for a Freeport.
Do more / do max	An enhanced package of initial investments would promote a more strategic range of enhancements across the LCR in support of strategic objectives	The potential VfM of this option may be difficult to demonstrate based on an extended programme	It is unlikely that the full programme would be capable of being funding through the Seed Fund and partners will use retained business rates and other funding to deliver wider objectives	The wider programme of activity is achievable but would require additional management capacity to enable delivery over the short term.	The enhanced package of investments would be acceptable, though further engagement with stakeholders will be required

Following the analysis of long-listed options against the CSFs, two options have been short-listed for more detailed assessment and consideration:

- **Business As Usual (Reference Case)** – the level of activity expected to arise across the designated sites over the appraisal period based on existing funding commitments and mechanisms;
- **Proposed Freeport** – the level of activity arising from a seed fund commitment of £25m required to unlock growth in support of the strategic Freeport objectives across designated investment priorities and the wider LCR.

The economic appraisal for the FBC sets out an updated appraisal of the proposed intervention option, alongside a business as usual (reference case) option.

2.3 Economic appraisal methodology

A cost-benefit analysis has been undertaken which compares the quantified costs and benefits to determine value for money. The methodology for assessing the Economic Case is consistent with the HM Treasury's Green Book and the current DLUHC's Appraisal Guide.

The key modelling inputs and assumptions for the Left Bank Phase 2 Programme include:

- all short-listed options have been appraised over up to a 60-year period, consistent with appraisal guidance;
- where Present Value figures are presented, cost and values have been discounted at 3.5% for the first 30 years and 3.0% for the next 30 years, in line with the HM Treasury Green Book;
- all monetised costs and benefits have been converted to 2021/22 prices, with general inflation excluded;
- the costs and benefits of the intervention options are presented in net terms and relative to the BAU option (reference case). Adjustments have also been made for leakage, displacement and multiplier effects where appropriate (as detailed below); and
- Optimism Bias has been calculated for each short-listed option using HM Treasury methodology and included in the value for money analysis.

As set out within the DLUHC Appraisal Guide, projects should be appraised based on a benefit cost ratio (BCR) reflecting the private benefit associated with the change in land use (land value uplift) and the external benefits (and costs) of the scheme, compared to the net public sector cost. Table 2.2 sets out a summary from the Appraisal Guide of the potential benefits and costs that inform the assessment of the BCR.

Table 2.2 Description of the benefits and costs identified within the MHCLG Appraisal guide*

	Consumer and business impacts	External impacts and public sector finance impacts
Present value benefits (numerator)	Private benefits e.g., land value uplift [Private sector costs if not captured in land value] Public sector grant or loan if not captured in land value [Public sector loan repayments if not captured in land value] Distributional benefits	External benefits [External costs]
Present value cost (denominator)		Public sector grant and/or loan [Other public sector loan repayments] Other public sector costs [Other public sector revenues]

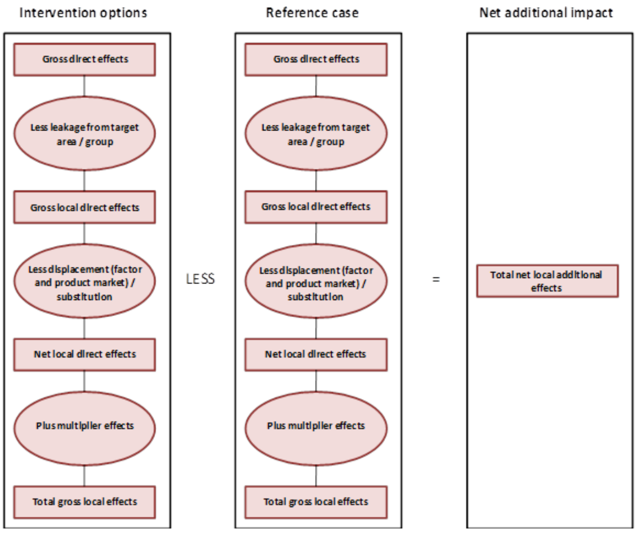
In addition to the calculation of a BCR for the project in line with DHULC's recommended methodology, the Programmes economic impact has also been assessed at the local level (LCR level) in line with Place-based analysis set out in Annex 2 of the HMT Green Book guidance. This has been based on an assessment of the net additional jobs and GVA.

Of key importance in assessing the impact of the proposals for the LCR Freeport on the local economy is the extent to which new activity is truly additional, in other words it does not simply displace existing activity. Furthermore, it is important to understand who is likely to benefit from the impacts generated and the degree to which further demand and investment is stimulated. To convert from gross outputs to net additional impacts, the following adjustments are applied:

- Leakage – the proportion of outputs that benefit those outside of the project's target area or group;
- Displacement – the proportion of project outputs accounted for by reduced outputs elsewhere in the target area. Displacement may occur in both the factor and product markets;
- Multiplier effects – further economic activity associated with additional local income and local supplier purchases; and
- Deadweight (the reference case) – outputs which would have occurred without the project.

The approach to assessing the net additional local impact of a project, considering adjustments, is shown diagrammatically in Figure 2.1. For the purposes of the cost benefit analysis, additionality at the national level has been considered. Economic benefits for employment and gross value added (GVA) have been also presented at the local level.

Figure 2.1: Net additional impact



As stated in the HCA Additionality Guide, the ex-ante estimation of additionality is informed by a clear understanding of the counterfactual position (i.e., what would have happened without the intervention) and the chain of causation (i.e., how the intervention results in outputs and outcomes). The counterfactual is illustrated by the Business As Usual position. In the absence of the Freeport and associated funding, it is very likely that developments will consistently be delayed, reduced in scale or will not come forward at all without the consolidated intervention as long-standing infrastructure and remediation issues will remain unresolved. Deadweight has been assessed at a Tax site level equating to around 20% of the full Freeport development programme being delivered in the Business As Usual option.

Displacement is estimated on the basis of Freeport levers unlocking activity, supporting sector clustering and attracting investment to the UK. It is envisaged that the designation and support mechanisms will significantly raise demand through incentivising inward investment and growth, supporting the clustering of target within the designated Tax sites.

For the assessment of local jobs and GVA benefits, the gross figures have been adjusted to net local benefits through the application of benchmarks obtained through evaluations of previous capital projects which have aimed to deliver regeneration through physical infrastructure[2]. These indicate that at sub-regional level, the following adjustments should apply:

- **Leakage** – a leakage rate has been applied at the LCR level, having regard to commuting data derived from the 2011 Census. Overall, the leakage rate for operational employment activity at a local level is estimated to be 25%.
- **Displacement** – although it is inevitable that the project will compete with other developments and existing business locations within the LCR area, the proposals attract new investment and economic activity to the region, helping to stimulate growth within the economy and increase the competitiveness of indigenous businesses. The designated tax and customs sites represent truly unique opportunities at a regional level, situated within a cluster of internationally significant assets and planned activity, with the potential to deliver truly additional growth. A displacement rate of 25%[3] has been applied.
- **Multiplier** – alongside directly supporting employment creation, the proposed development will also lead to additional job opportunities through supply chain expenditure (indirect effects) and induced effects through employee spend on goods and services within the region. To consider both the indirect and induced multiplier effects associated with the scheme, reference has been made to benchmarks outlined within additionality guidance. For operational activity, a composite employment multiplier of 1.44[5] to the local-level analysis has been applied reflecting the scale of the proposed development; and
- **Deadweight** – deadweight has been calculated through the assessment of the Business As Usual option as described above.

2.4 Outputs

2.4.1 Introduction

The key outputs that will be delivered through the Freeport Seed Funding include the development of new infrastructure unlocking commercial floorspace. This will generate benefits once in use. The key benefits will include additional investment, the creation of new employment opportunities and increased economic activity (as measured through GVA), as

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[2] BIS, 2009, Research to improve the assessment of additionality
[3] Represents a low displacement rate within the HCA Additionality Guide, Fourth Edition, 2014
[4] Based on the HCA Additionality Guide, Fourth Edition, 2014
[5] BIS, 2009, Research to improve the assessment of additionality

well wider regeneration around key sites (notably Wirral Waters, where there are strategic proposals for up to 10,000 new homes, and adjacent to the 3MG zone).

2.4.2 New employment floorspace

Development schedules have been prepared for each site for the proposed Freeport and Business as Usual options, setting out the amount and use type of the floorspace to be developed. Table 2.3 sets out the new employment floorspace under the proposed Freeport option.

Table 2.3: Gross employment floorspace (sqm)

	Wirral Waters	Parkside	3MG	Total
Commercial	24,200	0	0	24,200
Industrial	55,936	82,024	12,000	149,959
Distribution	47,743	494,117	121,158	663,018
Other	4,442	0	0	4,442
Total	132,321	576,141	133,158	841,620

2.4.3 Gross and net jobs

The number of gross jobs that will be accommodated within the new commercial floorspace has been calculated based on the site development schedules for each option. In estimating the potential impact, assumptions have been made as to the type of floorspace provided and the expected employment densities. Employment density ratios consistent with guidance produced for Homes England have been applied. A summary of key assumptions and associated employment effects for the business as usual and intervention options is outlined in Table 2.4.

Table 2.4: Gross direct employment under the Freeport options

	Sq m	Jobs per m2	FTE jobs	FT/PT jobs
Wirral Waters				
Commercial	24,200	20	1,185	1,378
Industrial	55,936	44	1,261	1,371
Distribution	47,743	77	620	705
Other	4,442	150	30	40
Total	132,321		3,096	3,493
Parkside				
Commercial	0	0	0	0
Industrial	82,024	44	1,855	2,017
Distribution	494,117	77	6,417	7,292
Other	0	150	0	0
Total	576,141		8,272	9,309
3MG				
Commercial	0	0	0	0
Industrial	12,000	44	271	295
Distribution	121,158	77	1,573	1,788
Other	0	150	0	0
Total	133,158		1,845	2,083
Total – LCR Freeport				
Commercial	24,200	20	1,185	1,378
Industrial	149,959	44.21052632	3,388	3,682
Distribution	663,018	77	8,611	9,785
Other	4,442	150	30	40
Total	841,620		13,213	14,885

With the Freeport in place and a full programme of enabling investment, it is estimated that key opportunity sites could accommodate around 13,213 full time equivalent (FTE) jobs over the Freeport period, compared to 3,100 in the business as usual case. This growth is expected to be mainly focused within the Parkside, Wirral Waters and 3MG Tax sites.

The number of actual jobs created will be higher once part-time workers are considered – for example, one FTE job may actually support, say, two part-time workers. To estimate the number of actual jobs, ratios of workforce jobs to FTE jobs have been applied, derived from Experian data for the LCR. This results in an estimated 14,900 jobs being created (full-time and part-time) within the Freeport under the full intervention option.

To estimate the net additional employment impact, adjustments have been made for leakage, displacement and multiplier effects, as described in section 2.3 above. Based on these additionality adjustments, the intervention option is estimated to have the potential to create almost 6,550 net additional FTE jobs across the LCR. This could equate to 7,360 actual jobs respectively once part-time working is considered. The results of the analysis are summarised in Table 2.5. The identified level of jobs creation would result in significant benefits for existing residents (including zones of sever employment and income deprivation), supporting a general upskilling of the local labour market.

Table 2.5: Net additional employment (FTE and Jobs), intervention options

	Wirral Waters	Parkside	3MG	Total
Gross FTE jobs	3,096	8,272	1,845	13,213
Deadweight	774	1,102	709	2,585
Gross additional FTE jobs	2,322	7,170	1,136	10,628
Less leakage	-580	-1,793	-284	-2,657
Less Displacement	-435	-1,344	-213	-1,993
Plus multiplier	522	1,613	256	2,391
Net additional FTE jobs	1,828	5,647	895	8,370
Net additional FT/PT jobs	2,063	6,354	1,010	9,427

2.4.4 Net additional GVA

Table 2.6 displays the local benefits arising from each option in terms of jobs and Gross Value Added (GVA). The benefits are based on the fully complete programme for each option, with the GVA figures an annual contribution throughout its operation. Option 4 creates nearly 6,550 net additional jobs for LCR residents, contributing over £390 million in GVA per year once fully operational, with an estimated cumulative GVA impact (allowing for persistence) of more than £1,300 million. These benefits will have a considerable effect on the local economy, helping to stimulate a recovery from Covid-19.

Table 2.6: Summary of local benefits				
	Wirral Waters	Parkside	3MG	Total
Employment				
Gross jobs (FTE)	3,096	8,272	1,845	13,213
Net additional jobs (FTE)	1,828	5,647	895	8,370
GVA				
Gross GVA per annum (£m)	£193.7	£433.1	£95.5	£722.3
Net additional GVA per annum (£m)	£101.7	£227.4	£50.2	£379.2

2.5 Economic costs

The identified costs reflect the expected profile of public sector expenditure under each of the options. Alongside the Seed Fund investment, it allows for existing funding commitments (for example in relation to access infrastructure at Parkside and pipeline development proposals at Wirral Waters), alongside pipeline investments under a Tax Increment Finance (TIF) arrangement, supported through locally retained business rates. Each of the local authority areas are committed to the principle of using TIF to promote and accelerate the delivery of the Freeport objectives. A summary of gross public sector costs is set out in Table 2.7.

Table 2.7: Gross public sector economic costs (£m, 2021 prices, PV)				
	Wirral Waters	Parkside	3MG	Total
Freeport seed funding	£7.70	£9.00	£6.30	£23.00
Other committed public sector costs	£9.40	£33.30	-	£42.70
Other scheme costs	£0.80	£0.80	£0.80	£2.40
TIF funding pot (uncommitted costs)	£11.10	£35.30	£15.20	£61.60
Total	£29.00	£78.40	£22.30	£129.70

The HM Treasury's Green Book indicates that consideration should be given to the degree to which the project is subject to Optimism Bias. That is, the tendency for project sponsors to be overly optimistic about the costs of the project, the timescale necessary for delivery, and the benefits that may accrue.

The economic costs for each intervention include an allowance for Optimism Bias. This has been estimated using an Optimism Bias Mitigation Model based on the Supplementary Green Book Guidance produced by Mott MacDonald. Considering the mitigations, an optimism bias of 16% has been applied to any standard building related interventions and an optimism bias of 32% has been applied to any civil engineering interventions. A summary of the optimism bias calculations and mitigation is included in Table 2.8.

Table 2.8: Optimism Bias mitigation			
Type	Upper Bound OB	Mitigated OB	Comments
Standard Building	24%	16%	Key mitigations include reducing the impact of an inadequate business case, as the process has involved specialist inputs from development partners and their established design teams (including engineers, architects, cost consultants); and reduced impact of poor contractor capabilities, as contractor procurement will adopt best practice principles.
Standard Civil Engineering	44%	32%	Key mitigations include reducing the risk of negative environmental impact through ongoing and previous due diligence, which is expected to be low as existing space is being re-used; as well as mitigating likelihood of additional costs from poor public relations through extensive public and stakeholder engagement to date.
Composite OB		24%	

The total net public sector economic costs (present value) under the intervention option, after adjusting for Optimism Bias, are shown in Table 2.9. No allowance has been made for income to the public sector (for example through land sales, as the sites lie in the control of active private sector development partners.

Allowance has been made for expected costs under the reference case scenario, allowing for the current pipeline of proposed investment. The net marginal cost (adjusted for optimism bias) is outlined in Table 2.9.

Table 2.9: Net public sector economic costs including optimism bias (£m, 2021 prices, PV)				
	Wirral Waters	Parkside	3MG	Total
Gross discounted public sector cost	£29.0	£78.4	£22.3	£129.7
Optimism Bias	£4.2	£10.3	£1.6	£16.1
Gross cost (including O.B.)	£33.2	£88.7	£23.9	£145.8
Net marginal cost	£21.5	£64.5	£21.2	£107.2

2.6 Economic benefits

Cost benefit analysis modelling has been based on the former DCLG Appraisal Guide and other departmental guidance. Further detail on these are calculated and a breakdown of the benefits is included in Annex I. The following initial/central and adjusted benefits have been assessed:

Benefits included in the Initial BCR

- Land value uplift – analysis of changes in land values, which reflect the economic efficiency benefits of converting land into a more productive use, have been carried out at the proposed Freeport investment sites. These have been informed by land value estimates published by DLUHC to inform policy appraisal[6]. Values for industrial land within the relevant local authority areas have been applied. This analysis includes private sector costs, which are accounted for in the land value.

[6] Land Value Estimates for Policy Appraisal, 2019

- Wider land value uplift – wider placemaking effects arising from the proposed development which the Freeport will facilitate have been estimated using evidence from previous research. This includes academic literature assessing the scale of impact arising from the commercial led development of brownfield sites. Case studies identified an uplift range of between 4.4% and 36%, extending between 500m and 2km from the intervention. The commercial uplift is estimated using VOA rateable value data, with yield rates applied to the different classifications of property using the Knight Frank Yield Guide (May 2020) and impacts based on previous research evidence. The analysis of existing residential values draws on Council Tax data and average unit values for council tax bands. An uplift of 5% has been applied, at the lower end of the identified range. In assessing the wider placemaking benefits, care has been taken to minimise the risk of double counting based on established and proposed investment programmes promoting extensive regeneration adjacent to the Freeport sites through the consideration of the catchment area.
- Labour supply benefits –The Tax sites will have benefits associated with the job creation and reduction in barriers to employment for local workers with training, innovation and other support available. In line with DLUHC guidance, a local GVA per worker figure has been applied to the jobs taken up by new entrants. In line with the labour market availability and WebTAG guidance[7], it is assumed that between 5%-10% of jobs will be occupied by new entrants and there will be a 40% welfare impact for these jobs.
- Productivity uplift – the new jobs which will be created by the Freeport developments are in sectors which have above average levels of productivity. The subsequent benefits arising from transferring labour into more productive roles, with training, innovation and other support available, as the Freeport supported developments come forward have been captured using average wages data and sectoral labour costs to GVA ratios. The 'wage premium' is used to estimate a productivity uplift which is assumed to persist over a three year period. The analysis uses the BEIS wage premium approach and reflects the potential for significant trade benefits arising within designated Freeport sites.
- Employment wellbeing benefits - wellbeing benefits will arise when individuals who are not currently in employment move into jobs created because of the LCR Freeport. The monetary value of this wellbeing effect has been applied to the estimated number of new jobs which are expected to be taken up by residents not currently in employment. The approach to monetising wellbeing effects draws upon supplementary Green Book guidance published by HM Treasury.

Benefits included in the Adjusted BCR:

- Distributional analysis – local authority level distributional weights have been applied to the benefits. The approach used to calculate these is that set out in the HM Treasury Green Book, based on equivalised disposable household income and welfare weights (the estimate of the marginal utility of income). A distributional weight After Housing Costs of around 1.2 (across Wirral, St Helens and Halton) has been applied given the location of the Tax sites.

[7] Department for Transport, (2018); TAG Unit A2.1: Wider Economic Impacts Appraisal

Table 2.10 summarises the estimate of benefits for each Tax site within the LCR Freeport. Overall, it is estimated that the initial benefits will total in the order of £325 million.

Table 2.10: Net addition benefits (£m, 2021 prices, PV)				
	Wirral Waters	Parkside	3MG	Total
Initial benefits				
Land Value Uplift	£6.9	£8.2	£0.7	£15.8
Wider Land Value Uplift	£15.9	£16.4	£16.6	£49.0
Productivity benefits	£19.2	£45.5	£8.1	£72.9
Labour supply benefits	£42.5	£112.2	£21.0	£175.7
Employment wellbeing	£2.8	£8.5	£1.2	£12.5
Total Initial Benefits	£87.3	£190.9	£47.7	£325.9
Adjusted Benefits				
Distributional analysis	£17.5	£43.9	£8.6	£70.0
Total Adjusted Benefits	£17.5	£43.9	£8.6	£70.0
Total Benefits	£104.8	£234.8	£56.2	£395.9

2.7 Value for Money

Table 2.11 brings together the net costs and benefits of the shortlisted options at a national level.

Table 2.11: Economic costs and benefits				
	Wirral Waters	Parkside	3MG	Total
Economic cost (£m)				
Net public sector cost	£21.5	£64.5	£21.2	£107.2
Economic benefits (£m)				
Initial benefits	£87.3	£190.9	£47.7	£325.9
Adjustment benefits	£17.5	£43.9	£8.6	£70.0
Total benefits	£104.8	£234.8	£56.2	£395.9
Benefit cost ratio				
Initial BCR	4.1	3.0	2.2	3.0
Adjusted/total BCR	4.9	3.6	2.6	3.7

The LCR Freeport presents an initial BCR of 3.0:1, indicating good value for money. The total BCR is presented at 3.7:1.

Furthermore, the LCR Freeport will generate a range of wider benefits. These include inclusive growth benefits, environmental benefits, and image benefits as set out below.

2.8 Qualitative benefits appraisal

An assessment of the wider benefits associated with each option delivered across LCR has been undertaken through a scoring and weighting framework. This approach reflects the importance attached to these benefits to the region. The LCR Freeport is expected to result in the following substantial wider economic benefits that are not captured in the preceding analysis:

- Regeneration benefits – the proposals would contribute substantially to the continued regeneration of key parts of the LCR. It would complement these proposals and maximise the socio-economic potential.

There are communities with severe levels of deprivation close to the Tax and Customs sites. Developing underused and vacant sites will have a positive effect on the appearance of the urban fabric. The LCR Freeport is expected to realise job opportunities across a range of disciplines, spanning entry level roles through to higher value-added jobs. As the nature of these roles become clearer, LCR Freeport partners will ensure a suitably skilled supply of labour to meet employers' need, whilst supporting social mobility. COVID-19 has increased existing disparities across LCR so the Freeport proposition will enable LCR partners to play a crucial role in addressing the Government's levelling up agenda and provide an opportunity to tackle some of the inequalities via several the industries that will seek to benefit from the proposal. The sites will support employment growth – linked to key sector and cluster opportunities - contributing to creating opportunities for residents, including those within deprived communities adjacent to the sites. Investment plans will consider opportunities to link sites with local deprived areas. The projects, in particular Wirral Waters, facilitate and support extensive residential development and community regeneration.

Image – much of the proposed sites are unused brownfield sites and can be considered poor in terms of their environmental and built environment quality. The Freeport will enable new uses to be brought forward and support a brownfield first policy. The developments will further enhance the renewed confidence in LCR as a place to invest.

Agglomeration/Cluster effects – a consistent feature of modern economies is the concentration of economic activity in certain locations, most often cities or urban areas. Urban economists explain such phenomena by reference to features known as 'localisation' and 'urbanisation' economies both of which relate to the underlying proximity of economic activity. Localisation economies result from the geographic concentration of businesses in the same industry. The delivery of several developments in proximity, across a short timescale and by similar developers will result in substantial agglomeration benefits with the surrounding businesses and development sites. While the agglomeration impact to new firms locating in the Freeport will be captured within the land value uplift, this will not account for the impacts which affect existing firms or individuals in the area, which are expected to be significant.

The wider benefits under each option have been weighted and scored. This has been based on weighting the relative importance of each benefit criterion and then scoring each of the short-listed options against the benefit criteria on a scale of 0 to 10 to derive a weighted benefits score. The scores should be interpreted as follows:

- 8 – 10: a significant positive impact;
- 4 – 7: a positive impact;
- 1 – 3: a marginal positive impact; and
- 0: a neutral / no change position.

The Freeport proposal is assessed as having the potential to make a substantial contribution to the wider objectives of the LCR and its partner authorities, as highlighted by the weighted score. The proposals are expected to make to delivering the wider, qualitative benefits in terms of promoting wider regeneration and enhancing the image of the LCR as a focus for wider investment – as shown in Table 2.12.

Table 2.12: Weighting and scoring of qualitative benefits

Wider benefit	Weight	Business as Usual		LCR Freeport	
		Score	Weighted score	Score	Weighted score
Regeneration	40%	2	0.8	9	3.6
Image	30%	1	0.3	9	2.7
Agglomeration/ cluster effects	30%	2	0.6	8	2.4
Total	100%		1.7		8.7

2.9 Tax site reliefs

2.9.1 Overview

Consistent with measures outlined within the Freeport Prospectus, businesses investing and locating within the designated tax sites will be eligible for relief from:

- Non-Domestic Rates (NNDR)
- Stamp Duty Land Tax (SDLT)
- Structures and Buildings Allowance (SBA)
- Enhanced Capital Allowances (ECA)
- National Insurance Contributions (NIC)

These reliefs will play a vital role in triggering and accelerating investment within the identified tax sites, acting as a stimulus to focused growth within target sectors.

The potential level of relief has been estimated for each of the tax sites to inform the economic case appraisal. It is noted that the Green Book states that:

> *"Transfers of resources between people (e.g. gifts, taxes, grants, subsidies or social security payments) should be excluded from the overall estimate of Net Present Social Value (NPSV)."*

On this basis, the consideration of tax effects in the value for money assessment is presented separately below the main assessment of value for money.

2.9.2 Approach and assumptions

Tax relief has been calculated as part of wider modelling work undertaken to inform the Liverpool City Region Freeport OBC. This is based on development and take-up assumptions that have been agreed with the promoters of the tax sites, alongside modelling undertaken to inform estimates of capital investment and employment.

In addition, the estimate of tax reliefs within the economic case reflects key assumptions around:

- **Additionality** – the assessment models the marginal tax relief based on identified development projections, assuming that equivalent activity would proceed under a counterfactual scenario (albeit without the Freeport tax reliefs to businesses locating within the site). On this basis, the estimate represents an upper bound assessment of the potential relief;
- **Discounting** – reliefs are presented in nominal prices and discounted in accordance with HM Treasury guidance.

Specific assumptions in relation to each relief under both the Freeport and counterfactual scenarios are outlined in Table 2.13.

Table 2.13: Tax relief assumptions

Tax	Key assumptions	Freeport	Counterfactual
NNDR	Calculation based on rateable value projections for new and secondary premises within Tax site, informed by valuation evidence for comparable premises	100% relief from NNDR for new activity above baseline within Freeport zone. Businesses locating in the tax site prior to October 2021 benefit from five years relief.	NNDR applied at the prevailing rate, with allowance for established reliefs only.
SDLT	Based on projected freehold and leasehold transactions relating to sites and premises within the Freeport area. Freehold transaction of sites/premises assumed to take place every ten years – annual average applied	100% relief from SDLT for transactions over the period to March 2026. Level of relief based on assumed profile of sites and floorplates for alternative uses.	No reliefs assumed under counterfactual. SDLT levied at standard rates
NIC	Estimated based on projected employment growth (gross) within businesses taking premises within Freeport. Employer contributions calculated based on: Full time/part-time worker trends for key sectors (ONS BRES data) Average earnings for key sectors (ONS ASHE data)	100% employer NIC relief on portion of salaries up to £25,000 for a period 3 years. Applied to jobs created within the Freeport tax zone before March 2031, assuming that 90% of jobs will involve spending at least 60% of working hours in the tax site.	No reliefs assumed under counterfactual. Employer NIC levied at 13.8% on eligible salary up to £25,000
SBA	Estimated based on projected gross capital investment relating to the construction or renovation of structures and buildings. Capital investment estimated based on benchmark cost rates for new premises. Based on corporation tax rate of 19% to 23/24 and 25% thereafter.	Deducts 10% of total CAPEX against taxable profits for 10 years following investment Assumes asset brought into qualifying use before September 2026. Assumes that taxable share of profit exceeds expenditure.	Deduct 3% of total CAPEX against taxable profits for 33 years after investment. Assumes taxable share of profit exceeds expenditure.
ECA	Based on estimate of gross capital expenditure by occupiers of premises within the Freeport on eligible plant and equipment. Level of capital expenditure based on indicative rates for alternative uses/sectors. Based on corporation tax rate of 19% to 23/24 and 25% thereafter.	Deduct 100% of CAPEX against next-year taxable profits Assumes asset brought into qualifying use before September 2026. Assumes that taxable share of profit exceeds expenditure.	Deduct 18% of CAPEX against next-year taxable profits on a declining balance

2.9.3 Summary results

Table 2.14 provides an overview of the expected benefits associated with the Tax Site Levers (Business Rates Relief, National Insurance Relief, Stamp Duty Land Tax Relief, Buildings Allowance, Enhanced Capital Allowances) under each of the intervention options. It is noted that the assessment shows the difference between a Freeport package of measures (the intervention case) and standard measures based on current tax arrangements, assuming that development proceeds in the absence of key incentives (the counterfactual). As such, it is not based on a true counterfactual (as outlined under Option 1) and is therefore an upper bound estimate of reliefs.

2.14: Tax relief estimate (PV, 2021 prices, £m)

	Wirral Waters	Parkside	3MG	Total
NNDR	£24.8	£43.7	£53.6	£122.0
NIC	£13.1	£23.8	£7.2	£44.1
SDLT	£4.3	£10.4	£6.8	£21.5
SBA	£6.4	£13.6	£5.3	£25.4
ECA	£1.0	£3.7	£1.5	£6.2
Total	£49.6	£95.3	£74.4	£219.2

As outlined above, the HMT Green Book (2022) indicates taxes are generally understood as economic transfers, and benefits to businesses will be offset by costs to the public sector. On this basis, the summary of adjusted costs and benefits in Table 2.15 includes the tax position in both the economic costs and benefits.

Table 2.15: Economic costs and benefits (including Tax effects)

Net marginal economic costs and benefits (NPV, £m)	Wirral Waters	Parkside	3MG	Total
Costs				
Net public sector costs	£29.00	£78.40	£22.30	£129.70
Tax cost to exchequer	£49.60	£95.26	£74.38	£219.25
Total costs	£78.60	£173.66	£96.68	£348.95
Benefits				
Total Initial Benefits	£87.35	£190.90	£47.65	£325.90
Total Adjusted Benefits	£17.47	£43.91	£8.58	£69.95
Tax saving to business	£49.60	£95.26	£74.38	£219.25
Total Benefits	£154.42	£330.07	£130.61	£615.11
Benefit Cost Ratio				
Total BCR	2.0	1.9	1.4	1.8

It is noted that the assessment of tax reliefs does not look at the long term effect of attracting additional inward investment and accelerating activity within the tax zones. As noted above, it represents an upper bound assessment.

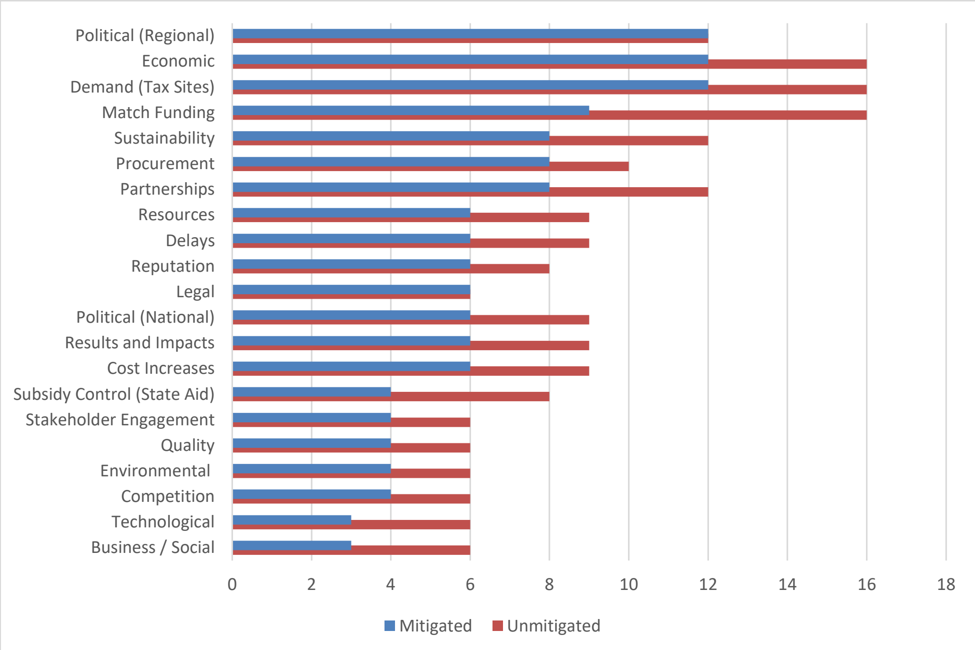
2.10 Risk appraisal

A risk register has been developed that identifies the key risks for the intervention options. The risks have been sub-divided into categories in accordance with HM Treasury Green Book guidance: business risks, service risks and external risks. An assessment of the severity of each risk has been carried out based upon a judgement of impact and probability.

Against each risk, a rating (and score) has been given to the probability of the risk arising – ranging from very high (a maximum score of 5) to very low (a score of 1). The impact of each risk has also been assessed, using the same scoring range as has been used for probability (i.e. a range of 1-5). The overall risk score is calculated by multiplying the probability score by the impact score (giving a maximum score of 25, representing an extreme risk).

Figure 2.2 sets out the unmitigated and mitigated risk scores for the proposed Freeport. Overall, the Freeport is assessed to be a medium level of risk allowing for mitigation measures. It is noted that there is a need to ensure that risk management is appropriately resourced to ensure adequate measures for the mitigation of risks relating to economic conditions, market volatility and funding.

Figure 2.2 Risk Scores



2.11 Sensitivity analysis

2.11.1 Scenario testing

In order to determine the sensitivity of the proposals, alternative scenarios have also been modelled to test the sensitivity of the BCR results to a change in a key variable. The key variables adjusted were as follows:

- Scenario A: No distributional analysis;
- Scenario B: No wider place-making benefits;
- Scenario C: Benefits to reduce by 25% and costs to increase by 25%

The results of the scenario testing are set out in Table 2.16. The scenarios have been run on the cost benefit analysis exclusive of tax effects. Under each of the scenario tests, both the initial and total BCR for each site remains above 1.

Table 2.16: Scenario testing (national level) – Total BCR						
	Wirral Waters		Parkside		3MG	
	Initial BCR	Total BCR	Initial BCR	Total BCR	Initial BCR	Total BCR
Scenario A	4.1	4.1	3.0	3.0	2.2	2.2
Scenario B	3.3	4.1	2.7	3.4	1.5	1.9
Scenario C	2.4	2.9	1.8	2.2	1.3	1.6

2.11.2 Switching values

In addition, to test the sensitivity of the value for money results to changes in key variable, an analysis of 'switching values' has been carried out. This analysis calculates how much public sector costs or benefits would have change for the intervention option's BCR to be less than one (i.e. is considered to represent "poor" value for money).

Table 2.17 presents the results of a change in the net additional benefits and net costs. It shows that extensive change in benefits and costs would be needed to reduce the BCR to less than 1 for all of the sites.

Table 2.17: Switching values (Initial BCR less than one)			
	Wirral Waters	Parkside	3MG
% change in net additional benefits	-75%	-66%	-55%
% change in net cost	307%	196%	125%

3 Financial case

3.1 Introduction

The Financial Case sets out how the Freeport Management Team is to be funded and how the cost of the team is supported directly and indirectly by the LCR CA and the Freeport partners. The Freeport Management Team will cost c£380,000 per annum and rely on c£300,000 of support to enable those roles to have the required impact; this is particularly relevant when connecting to existing work on Trade and Investment, Skills, Innovation, Planning and the administration of the proposed Seed Investment funding.

3.2 Financial resources and budgets

Table 3.1 below provides an overview of the key cost areas and levels of expected investment in the core functions and activities of the Freeport and the sources of funding to support these costs.

Table 3.1 LCR Freeport Illustrative Financial Model – Sources and Uses of Funds '000

	2021/22	2022/23	2023/24	2024/25	2025/26	2027/28	2028-2046 (18 Years)	Total
Uses of Funding								
OBC / FBC	150	35						185
Freeport Management Team	150	305	380	380	380	380	6,840	9,265
LCR CA Support	100	100	100	100	100	100	1,800	2,500
Freeport External Support Costs		125	70	70	70	70	1,260	1,665
Marketing		40	40	40	40	40	720	960
Total	**400**	**605**	**590**	**590**	**590**	**590**	**10,620**	**14,575**
DLUHC revenue	300	395	305					1,000
Retained Rates				300	300	300	5,400	6,600
LCR CA (In kind)	100	100	100	100	100	100	1,800	2,500
LCR CA (Cash)		110	145	150	150	150	2,700	3,555
Private Sector Revenue			40	40	40	40	720	920
Total	**400**	**605**	**590**	**590**	**590**	**590**	**10,620**	**14,575**

The modelling provided incudes for income from RBR Growth. Deductions are made for contributions to the running costs of the Freeport and for costs associated with the regeneration, finance and other support costs by each Council.

Each Council is considering detailed assessments of the expected retained rates and appropriate allocations to staff resource and investment in TIF projects.

The LCR Freeport Management Team is currently hosted 'free of charge' by the LCR CA. Should this situation change, then appropriate considerations will need to be made in future for office and administration overheads. The current proposal is for the LCR CA to contribute cash and in-kind support to the operation of the LCR Freeport.

The LCR CA is requested to contribute £150,000 per annum to the operating costs of the LCR Freeport and provide ongoing support to the core LCR Freeport functions. In-kind support, in place since April 2022 and valued at c£100,000pa is coordinated via the LCR Freeport Operations Board and consists of representatives of key areas within the LCR CA and Growth Platform as per the Table 3.5 above. Additional support is provided to the Team from the following functions: transport, major projects, skills, net zero, communications, public relations, strategic investment and policy.

Table 3.2 below provides a breakdown of Table 3.1 as per the table set out in the guidance.

Table 3.2 LCR Freeport - Financial Resources and Budgets £'000								
	Funding Source	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**	**Future**	**Total**
Seed Capital Projects								
Port Weston Access Project	DLUHC Seed Investment			1,725	4,775			6,500
Wirral Infrastructure and Enabling	DLUHC Seed Investment			200	7,800			8,000
Parkside Link Road	DLUHC Seed Investment			900				9,000
Innovation and Skills Programmes	DLUHC Seed Investment			500	1,000			1,500
Total				11,425	13,575			25,000
Match Capital Funding - Private (Estimated Construction Costs)								
Port Weston Access Project - Port Weston Delivery	Esken Developments				15,000			15,000
3MG Delivery	Marshall, Liberty, Stoford			30,000	30,000	30,000	38,805	128,805
MEA Park + Northside	Peel L&P, Peel Ports, Various Landowners			10,000	10,000	10,000	200,151	230,151
Parkside East and West	Parkside Regeneration & ALNCOR		10,000	20,000	20,000	20,000	398,128	468,128
Match Capital Funding - Public								
Port Weston Access Project								
Dock Wall and Dredging Project (MEA Park)	Homes England TBC			7,000				7,000
Parkside Link Road	LCR CA SIF and Parkside Regeneration			34,000				34,000
Tax Increment Finance Budgets - Public								
St Helens	St Helens BC							77,046
Halton	Halton BC							41,430
Wirral	Wirral BC							24,838
Total								**1,051,398**
Value of Project Pipeline (from S 1.7.3)								
Total								**268,025**
DLUHC Capacity								
OBC / FBC Consultancy	DLUHC Capacity	150	35	-				185
Freeport Management Team (inc consultants) + LCR CA Support*	DLUHC Capacity	150	360	305				815
Total		300	395	305				1,000
Revenue Public Match								
LCR CA	LCR CA In kind	100	100	100	100	100	100 pa	2,500
LCR CA	LCR CA		110	145	150	150	150 pa	3,405
LCR Freeport TIF	Pro-Rata - Tax Site Councils				300	300	300 pa	6,300
Revenue Private Match (inc Marketing)								
Major Tax Site + Freeport Partners				40	40	40	40 pa	880

3.3 Freeport investments

3.3.1 Seed Investment Fund

An assessment framework based on Critical Success Factors for the Seed Investment Fund was prepared and the promoted projects were assessed and ranked. The Critical Success Factors are set out in Table 3.3.

Table 3.3 Critical Success Factors		
Critical Success Factors	**Description**	**Weight**
Acceptability		
Promoting Trade and Investment Opportunity	Attract FDI or UK Investment into new economic operations that promote trade, value added processing in the supply chain	3
Accelerating Growth	The creation of new employment opportunities across a range of key sectors for LCR	3
Deliver Skills Opportunities	Clear objectives from investment projects to support local impact and target new opportunities to skills and employment pathways within LCR, especially in communities of need or experiencing the negative externalities associated with growth of the Freeport sites.	2
Drive Innovation	Supporting Innovation either by facilitating R&D investment or providing the conditions for business investment that contributes to the LCR Innovation Ecosystem	2
Support LCR Net Zero Ambition	Projects that demonstrate long term carbon savings over an alternative scenario	2
Support Retained Business Rates (Tax Sites)	Contribute to creating TIF investment opportunities	5
Support LCR Regeneration and Wider Economic Impact	Projects that support housing growth, community regeneration and wider economic impacts	1
Achievability		
Site Constraints	Project addresses the identified site constraints to maximise further development opportunities	2
Dependencies	Has clear pathway to achieve necessary consents, ownerships, funding and other crucial delivery dependencies	2
Demand	Clear demand evidence or programme to support the 'induced' economic impact	3
Affordability		
Affordability	Ability to secure the necessary resources to deliver the identified infrastructure project	2
VfM	Likely value for money, including an assessment of the infrastructure cost vs likely future additional business rate income and timing	3

The Seed Investment Fund will be allocated to investments at the following locations on the following projects:

Wirral Waters, Wirral

- **MEA Dock Wall** - MEA Park is part of the former Birkenhead docks system. However, its dock infrastructure is not currently suitable for most modern shipping operations. Therefore, while it has the potential to be well connected by sea to Ireland and other international markets (including via other terminals within the rest of the Port of Liverpool such as the Liverpool2 container terminal), without investment in dockside infrastructure the site will revert to being served by road alone. As the only dockside Tax Site in the Liverpool City Region Freeport, this will reduce the City Region's opportunity to attract potential Freeport-related occupiers.

  The MEA Park dock wall requires remediation and strengthening works such that it can sustain the loading required for offloading and onloading of heavy goods as required by the potential industrial occupiers. Initial estimates for structural works suggest project costs amount to circa £15 million. Additional infrastructure such as cranes and shore-to-ship power supply infrastructure (to reduce the ship's emissions while berthed) will increase these cost estimates. Without commitments from occupiers that can demonstrate a return on this investment, these sums cannot be secured from the private sector. Many individual occupiers will not be able to justify such sums on their own and will therefore locate at and invest in other sites and/or revert to road or rail transport where these are feasible options.

- **MEA Park / West Float Dredging** - In order to enable access to the MEA Park quayside for future shipping activity (and potentially for the works to the dock walls) dredging will be required in the southern section of West Float dock system and in front of the MEA Park dock wall. Bathymetric survey and sediment sampling will determine the dredging methods and disposal strategy required. The dredging operation will have to take into account the potential for any build-up of contaminants from former uses and shipping activity in the silt within the dock system. Processing and disposal of the dredged materials will have to take into account the relevant marine environmental regulation.

  The Dock wall site investigation, design and construction methods will determine any specific requirement for the dock wall remediation project. The dock design specification which will take into account the likely occupier shipping requirement will determine the depth of dredging required to achieve the required draught and under keel clearance for intended shipping operations.

  The cost of the dredging project has been estimated at circa £5 million.

Parkside, St Helens

- **Parkside Link Road** – contribution to the funding of the £53m Parkside Link Road which will enable development of the development site at Parkside West unlocking the first phase of 2.5m sq. ft. of development.

  The Parkside Link Road also opens the possibility to develop Parkside East, which includes a c£35m Strategic Rail Freight Interchange and unlocks c£300m of private sector investment. Parkside East is subject to an allocation in the St Helens Local Plan, expected in early 2022.

Port of Weston, Halton

- **Site infrastructure works** – supporting the redevelopment of a strategic location in Halton capable of road, rail and port access supporting key sectors including hydrogen fuels and multi-modal logistics. There is potential to unlock 5 plots with 220,000sqft of development floorspace levering in £28.1m of private investment.

The Seed Investment Fund contributes to Skills and Innovation programmes which address some of the key Freeport sector challenges, support regeneration in communities across the City Region and develop solutions to priority negative externalities in particular congestion, air quality, low carbon fuels and gaps in the required labour markets to support growth with local talent.

An overview of the Seed Investment Fund allocation is provided in Table 3.4a.

Table 3.4 Seed Investment Fund - Agreed Allocations

	2021/22	2022/23	2023/24	2024/25	Total
Port Weston Access Project		1,725	4,775		6,500
Wirral Infrastructure and Enabling		200	7,800		8,000
Parkside Link Road		900			9,000
Innovation and Skills Programmes		500	1,000		1,500
Total		11,425	13,575		**25,000**

Liverpool City Region Freeport

3.3.2 TIF funded projects

Each of the Tax Site host authorities has identified a series of projects which would benefit from investment via the retained business rates. The detail of which is set out above.

Table 3.4b illustrates the identified TIF funded projects by Tax Site

Table 3.4b - Oveview of identified TIF Projects - Illustrative Pipeline	
St Helens Tier 1	**Total £'000**
Strategic Rail Frieght Interchange	30,000
Parkside Energy Provision	5,000
Junction 22 M6 Parkside Link Road Connection	9,000
Haydock Island M6 Junction 23 Improvements	40,000
Newton High St – Junction Improvements	3,000
A49 Corridor Improvements	1,750
St Helens Tier 2	**Total £'000**
Phase 1 ECF Earlstown Town Centre	17,185
Phase 2 ECF Earlstown Town Centre Bus Station Relocation	30,000
Earlstown Station Accessibility Improvements	10,000
Earlstown Town Hall Refurbishments	2,000
St Helens Town Centre Bus Station Refurbishment	1,000
Total	**148,935**
Halton	**Total £'000**
Runcorn Station Quarter	15,000
Halton Leisure Centre	23,390
Ditton Railway Station	12,000
Foundry Land 360 New Homes	4,000
Brindley Theatre Public Realm	3,000
Fleet Replacements – Diesel to Green Energy	6,600
Mersey Gateway / access to sites from Ashley Way	5,000
Enterprise Centre Land	5,000
Office Development – Mersey Gateway	5,000
Conversion of Runcorn Library to Health and Education Centre	1,400
Total	**80,390**
Wirral	**Total £'000**
A5139 Dock Road / A5088 Wallasey Bridge Road Junction	3,000
Duke Street / Dock Road / Gorsey Lane Junction	2,500
A5027 Dock Road / A554 Tower Road / A554 Birkenhead Road Junction	5,000
Replacement of Poulton Bridge	9,200
Dock Road cycle route - Duke St to Wallasey Bridge Rd	4,000
Northside Sites - Gap Funding Requirement (mid Estimate)	27,839
MEA Park - Gap Funding Requirement	11,100
Electricity Upgrades	20,000
Digital Fibre Network	500
Wallasey Bridge Road Drainage Improvements and Swing Bridge Removal	4,000
A5027 Gorsey Lane / Kingsway Tunnel junction improvements	15000
Total	**102,139**
Overall Total	**331,464**

3.3.3 Public and private match funding

LCR CA

- The LCR CA is committed to supporting the Freeport Management Team with officer time, in kind across the following areas:
- Policy (transport, planning, economic strategy, policy coordination);
- Net Zero & Mersey Tidal;
- Transport;
- Skills;
- Innovation;
- Finance & Legal;
- Leadership;
- Investment; and
- Governance.

Tax Site Authorities

The three tax site local authorities are committed to support the Freeport Management team and administration of the local TIF scheme with officer support, in kind, across the following areas:

- Planning;
- Regeneration;
- TIF Management;
- Legal; and
- Governance.

Non-Tax Site Authorities

The three non-tax site authorities are committed to supporting the Freeport Management Team and support the overall objectives of the LCR Freeport with support, in kind, across the following areas:

- Participation in wider programmes on Skills, Innovation and Low Carbon; and
- Governance.

Private Sector

Key tax site developers and landowners will be asked to contribute to the annual marketing costs of the LCR Freeport, each contributing £5,000 towards a total marketing budget of £40,000.

3.3.4 Future Freeport investments

In addition to the Seed Investments Funds, the following projects have been identified which will be supported by the Tax Increment Finance models developed by the three tax authorities to support the Freeport Tax Sites and agreed Freeport objectives.

These are set out in in Section 2.8 and include further dock infrastructure works at Wirral Waters, the facilitation of further infrastructure works at Parkside West and support for the Strategic Rail Freight Interchange at Parkside East. Future projects could also include rail and port infrastructure works to Port Salford and investments in future phases of 3MG and Parkside West. The Halton TIF will consider investments across the Freeport sites as well as re-opening a passenger rail station at Ditton, close to 3MG.

3.3.5 Induced Freeport investment

LCR Freeport via the Seed Investment Fund is expected to deliver or support the following investments:

- **c1m sq.ft.** industrial floorspace and **£177m of private investment** at MEA Park, part of Wirral Waters, Wirral
- **550,000 sq.ft.** of logistics floorspace (with 2,000,000sqft to follow in Phases 1b and 2) and **£120.524m of private investment** at Parkside West, St Helens
- **110,000 sq.ft.** of industrial floorspace and **£28.1m of private investment** at Port of Weston

The overall investment across the LCR Freeport is c£1bn.

3.4 Further revenue funding

3.4.1 Overview

The core revenue costs for the Freeport Management Team are those necessary to establish the Freeport and secure a critical mass of development such that the associated net additional business rates allow contributions, on a pro-rata basis, to sustain the core LCR Freeport Management Team and Board for the long-term.

3.4.2 Core Freeport Management Costs

Table 3.5 below provides an overview of the anticipated costs of the Freeport Management Team.

Table 3.5 - Freeport Management Team Costs				
Roles	**2022/23**	**2023/24**	**2024/25**	**Details**
Freeport Chair	15	15	15	Tom O'Brien, Chair
Freeport Director	100	100	100	[redacted]
Programme Coordination	50	50	50	[redacted]
Freeport Innovation + Net Zero	20	50	50	TBA, LCR CA
Freeport Project Manager	35	50	50	[redacted]
Freeport Project Manager	35	50	50	[redacted]
Freeport Project Manager	35	50	50	[redacted]
Customs Contact, CRM + Advice	30	30	30	[redacted]
FBC Approval (April – September) (5 months)	35			[redacted] AMION (with AMION support)
Business Development Director	50	40	40	Q3
Investment, Property and Tax Site Developments	34	15	15	[redacted] AMION (with AMION support)
Legal	5			[redacted]
Monitoring Framework	21			[redacted]
Marketing	40	40	40	[redacted]
Total Cash Costs	**505**	**490**	**490**	
Trade and Investment	20	20	20	[redacted]
Finance	20	20	20	[redacted]
Skills	10	10	10	[redacted]
Innovation	10	10	10	[redacted]
Policy and Support	10	10	10	[redacted]
HR + Equalities	10	10	10	[redacted]
LCR CA Governance	10	10	10	[redacted]
Net Zero	10	10	10	[redacted]
Total LCR CA In Kind	**100**	**100**	**100**	
Total	**605**	**590**	**590**	
Private (Marketing)		-40	-40	
Revenue Support	-395	-300	0	
LCR CA Cash	-110	-150	-150	
LCR CA Inkind	-100	-100	-100	
Retained rates			-300	
Balance	0	0	0	

3.4.3 Funding the Freeport Management Team

The delivery of the Freeport, by the Freeport Management Team is to be funded in the first three years by the £1m revenue contribution by DLUHC. This will be drawn in three payments of £395,000, £305,000, and £300,000. This will be spent on LCR CA Freeport Team roles and external partners (AMION, Institute of Export, UPS Creative). The Freeport Management Team is supported in kind by a wide range of individuals representing key functions from the Liverpool City Region as per the Table 3.5 above. Each tax site authority will resource the implementation of the Freeport with these costs funded by the retained rates generated by their tax sites. The private sector will be asked to contribute £5000 per partner towards a target marketing budget of £40,000 pa.

3.4.4 Role of tax increment finance in supporting the Management Team

The modelling adopts the principle that the cost of the Freeport Management Team should be shared between the tax site authorities based on the proportion of net additional business rates generated by the Freeport benefits. Knowsley, Liverpool and Sefton will not contribute to the costs associated with the management of the Freeport but will benefit from the wider work managed by the Freeport team, including specifically innovation and skills programmes targeted at SMEs, organisations, individuals and communities across the LCR.

Table 3.6 below sets out the indicative allocations from 2024/25 when the retained rates from the three tax sites are expected to fund core Freeport Management Team costs.

Table 3.6 - Indicative Contributions from Retained rates to Freeport Management Team £'000

Source	Notes	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
Freeport Management Team Costs	Costs will increase with inflation	-395	-305	-300	-300	-300	-184
Contribution from DLUHC	Contribtution capped at £1m	395	305	300			
Contribution from St Helens Retained Rates	Similar levels of development to Halton in early years, expected to increase once Halton plots developed out				125	145	160
Contribution from Halton Retained Rates	Static picture once developed, may fall as floorpsace increases at Parkside				125	125	115
Contribution from Wirral Retained Rates	Likely to grow at a slower rate than Parkside/33MG and therefore proportion fall over time				50	30	25

3.4.5 Freeport customs operator costs

An Independent Customs Operator is no longer a part of the LCR Freeport Proposition. There is support for security and customs coordination and the detailed scope of this role will be developed as part of the FBC with further consultation with key security agencies, including the four Police forces covering the LCR Freeport.

3.5 Inflation

This section aims to provide an overview of the key issues and risks relating to inflation across the LCR Freeport Full Business Case and Delivery Plan. The actual level of inflation is impossible to predict with the level of uncertainty in the UK and global economy, however, it is assumed that short term the level of inflation is expected to rise and remain above the Bank of England's long held target of 2%.

The Bank of England's August Monetary Policy Committee report (which was based on 1.75% not the 2.25% base rate) suggested that inflation would be 9.9% in Q3 2022 rising to 13.1% Q4 2022 and falling to 5.5% in Q4 2023 and 1.4% in Q4 2024. The Committee's report shows a spread of 4% to - 2% by end of 2025, so although inflation is high now, it may be negative or 0 in 2 years' time.

The Hub Inflation Guidance refers to Oxford Economics forecast UK Earnings Growth of 5.2% in 2022 falling to 3.3% in 2030. The Oxford Economics figures have been quoted in the forecast illustrated in Table 2.

Another key issue of uncertainty is the degree to which business rates will be adjusted, usually based on the September CPI figure and the level to which public sector pay will respond to inflation in April 2023 in particular.

3.5.1 Operating Costs

Table 3.7 below is taken from the LCR Freeport Delivery Plan and provides an overview of the core cost areas over the establishment phase of the Freeport. The figures exclude any adjustment for inflation.

Table 3.7 LCR Freeport Management Team Financial Summary (to end of Establishment Phase)				
Cost Area	2021/22	2022/23	2023/24	Total
Salaries	117,050	264,194	342,800	724,044
Marketing	30,041			30,041
Miscellaneous	6,014	51,000	51,000	108,014
Consultancy	140,808	200,893	56,200	397,901
Total	**293,913**	**516,087**	**450,000**	**1,260,000**
Income Areas				
DLUHC	300,000	400,000	300,000	1,000,000
LCR CA		110,000	150,000	260,000
Balance	6,087	0	0	0
Balance cf		6,087		

The salaries take into account roles either established or subject to a current recruitment activity. The key sensitivity in the above table is the salary figure in 2023/24. Currently the LCRCA is supporting the Freeport with £150,000 support in 2023/24 and beyond. Should public sector pay increase salary costs by 5% in April 2023, the long run budget allocation for salaries increases the contribution required by the LCR CA by £17,140. The working assumption is that the £300,000 contribution to LCR Freeport team is adjusted for inflation.

Overheads are not charged to the LCR Freeport and are covered by the LCR CA.

Miscellaneous and Consultancy budgets can remain constant as an assumption with either third parties absorbing inflation costs or reducing the scope of support. Subject to funding form the LCRCA these budgets may be required to be reduced in 2023/24. A decision on this will be taken once the inflation pressure on the salary budget is confirmed.

3.5.2 Operating Cost Inflation Scenarios

Table 3.8 provides and overview of the inflation impacts to 2030. The FBC showed a constant £450,000 operating cost and £300,000 from retained rates and £150,000 from the LCR CA. The contribution from retained rates will increase to cover inflation. As 2023/24 is funded by DLUHC and the revenue grant is fixed, the inflation impact will be managed by the LCRCA and LCR Freeport team either by reducing the Miscellaneous and Consultancy budgets or by increasing their contribution by £17,140 (based on 5% inflation to salaries in April 2023 – note the CPI inflation figure in Q1 2023 is estimated to be 12.6%).

Table 3.8 LCR Inflation Impact on LCR Freeport Operating Costs								
Cost Area	2021/22	2022/23	2023/24	2024/25	2026/27	2027/28	2028/29	2029/30
UK Earnings Growth			3.7%	2.6%	2.6%	2.8%	3.1%	3.2%
Salaries	117,050	264,194	355,484	364,726	374,209	384,687	396,612	409,304
Marketing	30,041							
Miscellaneous	6,014	51,000	51,000	51,000	51,000	51,000	51,000	51,000
Consultancy	140,808	200,893	56,200	56,200	56,200	56,200	56,200	56,200
Total	**293,913**	**516,087**	**450,000**	**471,926**	**481,409**	**491,887**	**503,812**	**516,504**
Income								
DLUHC	300,000	400,000	300,000					
LCR CA		110,000	167,140	150,000	150,000	150,000	150,000	150,000
Retained Rates				321,926	331,409	341,887	353,812	366,504
Balance	6,087	0	0	0				
Balance cf		6,087						

3.5.3 Impact on retained rates

Business rates are usually increased by the CPI rate in September of the prior year and periodically adjusted to bring overall levels of rates into line through the business rates revaluation. It is difficult to know whether the CPI rate will be applied or what future re-valuations will aim to achieve. Retained rates in 2023/24 and 2024/25 are small as the first phase of properties are completed. The expectation is that inflation will have normalised or are close to zero to 2% range by 2025/26. The retained rates model in the FBC assumes a long run inflation measure of 5% on capital expenditure and 2% on income.

3.5.4 Inflation Risk

Risk 14 in the LCR Freeport Risk register refers to inflation cost risks and is described as: Pressure to meet inflationary wage increases if incomes not linked to inflation as well as increases to overhead costs, in particular office costs.

This risk is mitigated by the income from retained rates being linked to inflation. This of course, transfers budget pressures to the local billing authorities who based on the inflation applied to business rate increases may be required to fund costs higher than the incomes allow for, thus utilising more of the retained rates for resource costs rather than funding projects via a Tax Increment Finance Scheme. If inflation does subside quickly then the impacts are likely to be minor, however, sustained high levels of inflation will ultimately undermine confidence in the development process with reduced demand from occupiers, reducing the forecasted income from business rates. A recession would mean a reduction in overall economic demand, increasing the likelihood that development forecasts will not be achieved.

3.5.5 Capital Costs

Financial projections prepared in support of the FBC allowed for capital cost inflation at 5% per annum over a period of 10 years based on BCIS and other short term projections.

The LCR Freeport team is not aware of any delays as a result of current inflation circumstances. The three seed investment fund projects are progressing as follows:

- Parkside – the Parkside Link Road project is currently on site with an agreed price and therefore not expected to be further impacted by inflation
- 3MG - a pre-development business case is currently being prepared for Port West Access to define the scope, design and cost of the scheme recognising that budgets will have to align with the seed investment funds available. Testing of costs makes allowance for inflation adjustments.
- Wirral Waters – at a strategic level, option testing is underway for projects within the MEA Park and Northside areas, focusing on viability funding needed to advance early stage projects. Testing makes allowance for inflation projections.

Capital costs relating to the construction of property will be managed by the developers and their respective development appraisals. It is possible that inflation cost risk is absorbed in part by the Freeport levers and these are shared with potential occupiers. Each developer will be managing the current reduction in yields as well as inflation cost pressures as both have a negative impact on viability. The Freeport TIF may be required to step in to support this new viability gap to ensure that occupiers can maintain their level of demand and the rental cost pressures are minimised.

3.5.6 Sensitivity Testing

In accordance with the recommendation of the Freeport Hub, two scenarios have been tested:
Scenario 1 - Removing the largest retained rates development project
Scenario 2- Model the effect of delaying all projects by one year.

The adopted assumptions under each scenario are outlined in Table 3.9

Table 3.9: Assumptions under each scenario		
	Scenario 1	Scenario 2
Wirral Waters	Assumed that plots Y to AD within MEA Park (the first phase of MEA Park comprising of the largest units) are not delivered (accounting for 27% of the projected floorspace within the designated tax site).	All uncommitted projects within MEA Park delayed by 1 year All uncommitted projects within Northside delayed by 2 years to reflect more significant effect on abnormal costs
Parkside	Assumed that Parkside West Phase 2 area is not delivered (accounting for 25% of projected floorspace within the designated tax site).	No delay assumed for on-site projects in Parkside West Phase 1 All projects within Parkside West Phase 2 and Parkside East delayed by 1 year
3MG	Assumed that proposed development at CDP is not delivered (accounting for 46% of projected floorspace within the designated tax site).	All uncommitted projects delayed by 1 year

The results are outlined in Table 3.10 benchmarked against the BCR under the business as usual scenario.

Table 3.10: Economic costs and benefits under scenarios (£m, 2022/23 prices, PV)				
	Wirral Waters	Parkside	3MG	Total
Central Case				
Initial BCR	4.1	2.8	2.2	2.9
Adjusted BCR	4.9	3.4	2.6	3.5
Scenario 1				
Net public sector cost	£15.23	£54.05	£16.88	£86.15
Initial benefits	£56.69	£144.15	£34.55	£235.40
Adjusted benefits	£68.03	£177.31	£40.77	£286.11
Initial BCR	3.7	2.7	2.0	2.7
Adjusted BCR	4.5	3.3	2.4	3.3
Scenario 2				
Net public sector cost	£21.74	£68.79	£22.92	£113.45
Initial benefits	£83.31	£186.79	£46.36	£316.47
Adjusted benefits	£99.97	£229.76	£54.71	£384.44
Initial BCR	3.8	2.7	2.0	2.8
Adjusted BCR	4.6	3.3	2.4	3.4

3.5.7 Capital cost risk mitigation

Risk management forms a central component of ongoing planning for each tax site, overseen by the Freeport and implemented by the partner authorities. The approach will vary between sites, but includes the following elements:

- Cost planning – for early stage projects, cost estimated were based on detailed estimates of tendered costs with allowances for inflation and appropriate allocation of risk to contractors. The initial phase of enabling investment is now underway at Parkside while plans for the first phase of development are committed at Parkside and 3MG.
- Allocation of TIF – authorities will prioritise TIF funding bids that unlock development constrained by cost inflation in the early years of the programme. Authorities are adopting a proactive approach to engaging with delivery partners to ensure that cost pressures are addressed in the planning stage. A business plan for a new TIF mechanism is being developed for Wirral Waters which sets out prioritisation criteria for an initial investment phase.

3.6 Financial Risks

Further to the detailed Risk Register included at Appendix D, the Freeport Management Board will provide governance and management to the following risks:

Market Risks – in particular where market demand impacts on the availability of floorspace benefitting from the Tax Site benefits and therefore the scale of the TIF fund that is available to support future phases of the LCR Freeport and overall scale of the LCR Freeport Investment funds administered by the three tax site authorities. The target sectors identified in the LCR Freeport Strategic Case cut across the economy of the City Region but are focused on key growth sectors and key sector strengths. The strategic focus for inward investment associated with key sectors will take into account demand and macroeconomic conditions as well as build on the Freeport growth itself to drive demand.

Operating Costs – early year support from DLUHC is required to invest in the human capital required to deliver the LCR Freeport. Once approved the key operating cost risk relates to the ability of the host tax authorities to generate significant income from net additional business rates to share, on a pro-rata basis, the cost of the team as set out in the Management Case. There is risk that operating costs increase to meet the requirements and expectations of national and local stakeholders. There is also risk that the partners fail to maintain the level of in-kind support for the Freeport and future priorities change or other opportunities arise that require focus and attention.

Capital Costs – all Seed Investment Fund projects are subject to both normal cost pressures and post Covid-19 cost and delivery pressures primarily related to availability and price of raw materials and the capacity in the sub-contractor supply chain to deliver projects. Contingency and optimism bias are included to accommodate this uncertainty. Cost risk also puts pressure on development appraisals so there are risks that the property and infrastructure aspects of the Freeport are delayed until such uncertainties can be understood or accounted for.

Operating Risks – linked to Operating Costs and Market Risks, but also considering the performance of the Tax and Customs Sites, Freeport Management Team and Freeport Management Board in delivering the objectives of the LCR Freeport. The role of the LCR CA as Accountable Body, with their platform of assurance processes, is key to the management of early year operating risks. There is also the risk of partners not agreeing to the terms of a LCR Freeport Partnership Agreement.

Development Finance Risks – ability of the operators, developers and investors to structure arrangements to enable development to progress. The investment strategy of each site has been considered as part of the FBC.

Legal Risks – risks that that the Freeport itself is challenged or particular projects are challenged, either on planning grounds or subsidy control. Planning risks are set out below and all projects receiving Seed Investment Funding will be required to provide independent Subsidy Control advice from a qualified law firm.

Planning Risk – risks that major components of the LCR Freeport cannot progress due to planning. There are three particular strands of planning risk: (a) risk of moving from outline to detailed planning; (b) DCO for rail at Parkside East; and (c) securing outline planning from an allocation.

Public Sector Funding Risk – the main Seed Investment Fund project is subject to other public funding from LCR CA and St Helens and there remain risks until these funds are contracted. The treatment of public funds and associated agreements will need to be properly managed to ensure risks associated with delivery (and clawback) are minimised.

3.6.1 Sensitivity

The sensitivity analysis undertaken looks at operating cost risk and delivery cost risk, across both the level of the Seed Investment Funding and level of TIF Finance.

- Scenario 1, on 50% of the development comes forward in the first 5-year period, evenly across all three sites
- Scenario 1b, 120% of the development occurs, evenly across all three sites
- Scenario 2, inflation and PWLB are 1% higher
- Scenario 2b, inflation and PWLB remain as modelled
- Scenario 3, the 5 year expectations for business rate income do not occur until year 10
- Scenario 3b, the 5 year expectations for business rate income occur in year 4

3.6.2 Best / worst case scenarios

Table 3.7 sets out the scope of the TIF investment fund available based on the scenarios outlined above.

Table 3.7 Best and Worst Case Scenarios for Scale of TIF Investment £'000

Scenario	Impact	
Freeport Management Team Costs	Worst Case	Best Case
Scale of Development	56,000	138,800
nflation and PWLB	106,100	115,100
Pace of Delivery	67,200	126,000

4 Commercial case

4.1 Introduction

To achieve the shared vision for the LCR Freeport it is necessary to:

- encourage and facilitate new development;
- utilise multi-modal low carbon infrastructures; and
- create quality jobs, all of which are available to communities across the LCR.

The LCR Freeport partners are clear in their expectations that all private and public sector partners participating in the delivery of sites will drive local impact from economic investments which are focused on key sectors and which address specific local issues currently preventing local communities benefitting fully from economic growth.

The LCR Freeport plan enables key strategic sites to compete for international investment and work alongside the other UK Freeport locations to promote the UK as a prime location for investment. The proposed Gateway Policy, to be agreed as part of the FBC and which is set out in Section 4.2 below, intends to demonstrate that LCR Freeport is open to quality business investment and is an attractive location for business in terms of support, skills and opportunities to reduce carbon and innovate through research and development.

Each Tax Site has a bespoke approach to the purpose and strategic objectives for the use of retained business rates. St Helens has secured cabinet approval to the creation of the Tax Increment Finance facility based on a tiered schedule of projects, including infrastructure works to Parkside and an allocation to the Strategic Rail Freight Interchange at Parkside East. Halton has prepared a schedule of regeneration projects and will manage its arrangements in line with its experience of managing the Enterprise Zone. Wirral is currently producing a Wirral Freeport Investment Fund business case to ensure that it successfully transitions existing Enterprise Zone arrangements to the Freeport Tax site arrangements and timeframes. The Wirral Investment Fund business case is currently draft and in development, it is clear that the key objective of the fund is to address Freeport development viability.

4.2 LCR Freeport gateway policy

The Gateway Policy contained within Appendix Q is a core component of the Government's requirements for Freeports and must be agreed before the Freeport can become operational and attract the Freeport benefits to Tax and Customs Sites. The Gateway Policy evidences how displacement control measures will be implemented and managed and is a document agreed by the landowners across the LCR Freeport Tax Sites and the Freeport Management Board. Implementation of the Gateway Policy is supported by the agreed LCR Freeport Trade and Investment Plan. The principles of the Gateway Policy will be reflected in a Tax Site Development Agreement entered into by the developer, local council and Freeport Management Board.

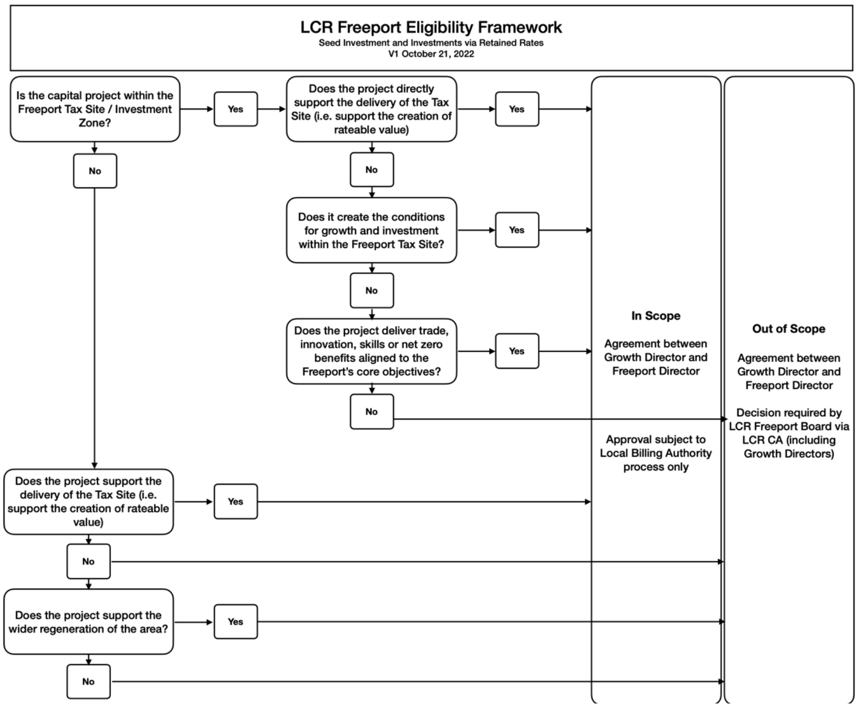
The Gateway Policy, and subsequent Tax Site Development Agreements, ensure that the LCR Freeport enables developments associated with the vision and key principles of the LCR Freeport proposition. The policy therefore aims to ensure that the LCR Freeport supports the clustering of businesses with a focus on specified key sectors. The policy also sets out the principles which must be followed by a prospective occupier to secure qualifying business status. These principles cover investment, LCR Freeport leverage, employment, strategic sectors, innovation and net zero carbon. Businesses also need to clearly show how their activity will represent incremental investment and employment to existing operations (hence avoiding displacement).

4.3 LCR Freeport Investment Fund Governance

The governance of the LCR Freeport Seed Investment and investment of funds generated by retained rates is to be determined through a process agreed by the LCR Freeport Management Board and the LCR Combined Authority, having agreed and consulted the member local councils.

The process relies on the establishment of whether a project is clearly within the scope of the intended purpose of the LCR Freeport as agreed with Government or not. If the project or investment is agreed between the local council Growth Director and the Freeport Director as in scope (as evidenced by a letter of support from the LCR Freeport Director) then the project can be approved by the normal process for the local council when taking PWLB and investment decisions. To support this process, the flow diagram below has been prepared.

Figure 4.3 – LCR Freeport Eligibility Framework



4.4 Infrastructure needs

The LCR Freeport Tax and Customs Sites identified for investment through the Seed Investment Fund and Tax Increment Finance funds require public investment in infrastructure to overcome viability issues associated with early phases of development. In other words, there is insufficient development value in early phases of investment to support the investment costs of the upfront infrastructure.
The risks and lengthy timeframes for delivery mean that the schemes outlined in this FBC will be delayed without the support, both in terms of Seed Investment Fund but also the incentives available to the operators on Tax and Customs sites.

It may be appropriate to provide the Seed Investment Funding on a loan basis rather than a grant, further expanding the opportunity to support new investments across the Tax and Customs sites.

The infrastructure needs of the three tax and customs sites are set out in Sections 4.3.1 to 4.3.3 below.

4.4.1 Parkside East and West

Parkside West requires the development of the Parkside Link Road, a £53m investment by LCR CA, the Joint Venture, St Helens and the LCR Freeport Seed Investment Fund. The Phase 1 site also requires £23m of site preparation works.

Parkside West will create the scale of TIF necessary to provide the investment support to enable investment in the Strategic Rail Freight Interchange (SRFI) Proposals and will help determine the scale of required development aligned to the operation of the SRFI. SRFI schemes are extremely challenging to deliver and a long-term partnership will be required to enable the developer to unlock employment floorspace and development to offset on site infrastructure costs and support investment into the SRFI itself.

4.4.2 Wirral Waters

The Wirral Waters Infrastructure Fund is currently supporting 70,000 sq.ft. of development within MEA Park. Significant further development beyond this scheme requires infrastructure investment to the dock walls, dredging and works to adjacent graving dock. Portside works allow for the relocation of existing maritime uses within East Float, with Wirral Waters designated for residential and community regeneration projects. Grant support in site infrastructure is necessary to support the restructuring of uses to realise the vision for Wirral Waters promoted by Peel L&P and supported by Wirral Council.

4.4.3 3MG and Port of Weston

Sites within 3MG already benefit from good infrastructure but are not being delivered at pace. The incentives available to Tax Site operators are expected to yield a significant increase in the demand and viability of projects across Liberty Park and HBC Field. The 3MG TIF fund will support the re-opening of Ditton Rail Station supporting business in the area with a low carbon, sustainable transport connection.

Port of Weston is an important strategic site in LCR. With modest investment, the site could be port, rail and road connected and take advantage of strategic proximity to interests in hydrogen and other local sectors, including automotive. Grant support to Port of Weston will unlock 110,000 sq ft within 5 years and a further 110,000 sq ft of development within 10 years, drawing in £28m of private sector investment and creating at least 292 jobs.

4.5 Delivery across the three Tax Sites

The Vision set out in the Gateway Policy is for an inclusive, low carbon, modern multi-modal, multi-gateway trade platform with a network of key sites attracting high value inward investment in significant part from outside the City Region, supporting growth and quality employment in key sectors to regenerate communities across LCR through industry, innovation and collaboration.

Freeport represents a unique opportunity to take a strategic approach to the acceleration of key employment sites and facilitate new investment in key sectors. Development within the LCR Freeport is clearly additional and intended to focus on new investment and growth.

The purpose of the Gateway Policy and subsequent Tax Site Development Agreements is to ensure that the LCR Freeport enables the developments associated with the Vision and key principles of the LCR Freeport proposition. At its core, LCR Freeport will utilise all available Freeport levers to create opportunity, employment, skills and innovation to regenerate and level up left behind communities. LCR Freeport is focused on realising opportunity created by enhanced trade and investment and therefore should focus on attracting businesses aligned to trade and LCR key sectors. LCR Freeport investments will contribute to support Net Zero and support action required by the declared climate emergency.

To be approved as a qualifying business by the Freeport Management Board, businesses should fall within one of the following sectors:

- Logistics, including smart or advanced logistics;
- Manufacturing, including suppliers to the Civil Nuclear Sector;
- Automotive;
- Health and Life Sciences, including manufacturing and research and development;
- Maritime;
- Low carbon transport;
- Food and Fast Moving Consumer Goods;
- Low carbon energy, including hydrogen and in particular projects supporting HyNET project and the Mersey Tidal Project and related manufacturing and offshore wind;
- Research and innovation;
- Skills and further education providers (as an ancillary use to other uses on site); and/or

- Business involved in global trade, demonstrating use of Freeport levers and employment growth.

The following table provides an overview of the key issues regarding the execution of the Tax Sites across the LCR Freeport. Each site is developed in close partnership with the host authority.

Table 4.1: Delivery Summary

Tax Site	Planning Status	Land Ownership	Vision	Key Risks
Parkside West	Outline Permission Granted by SOS in 2021, Phase 1 detailed application currently being prepared for submission	Parkside Regeneration, a SPV between Langtree Property Partners and St Helens Borough Council	Key Strategic Logistics Site providing capability for handling goods / manufacturing close to the Freeport	Completion of PLR, Occupation of speculative units, Usual contrstruction and finance delivery risks
Parkside East	Indicative allocation in St Helens Local Plan, expected to be approved / adopted Summer 2022. Scheme will require further detailed planning permission including a DCO application for the SFRI and accommodation	The site will be owned and developed out and retained by ALMCOR (previously iSec)	As per the Parkside EastTax Site Delivery Plan - c3.5m development of advanced logistics and advanced manufacturing floorspace with a Strategic Rail Freight Interchanged operated by Frieghtliner	Local Plan adoption timescales, DCO application timescales
3MG - Liberty Park	Outline Permission Granted	Logicor / Stoford Developments	Advanced logisitcs & manufacturing in Freeport Target Sectors	Usual construction and finance risks, securing occupier but may develop speculatively
3MG - HBC Field	Historic B2/B8 permission	Commercial Development Projects	Advanced logisitcs & manufacturing in Freeport Target Sectors	Usual construction and finance risks, securing occupier but may develop speculatively
3MG - Viking Park	Historic B2/B8 permission	Esken and Liberty Properties	Advanced logisitcs & manufacturing in Freeport Target Sectors	Usual construction and finance risks, securing occupier
MEA Park	Outline Permission Granted	Peel Land and Property	Maritime, Energy and Automotive sectors - advanced manufacturing and logisitcs	Securing occupiers / key anchor occupiers to meet funding requirements, completion of dock edge works
Northside - Langham Estates	Allocated industrial development land	Langham Estates, Pinsent Owen advisors	As per Tax Site Delivery Plan - opportunity to link to adjacent land owned by Wirral Borough Council	Planning and occpier demand
Northside - National Grid	Allocated industrial development land	National Grid	As per Tax Site Development Plan, Land disposal to developer partner	Securing developer, planning, delivery

4.5.1 Parkside East and West

Tax Site Vision and Strategy

Parkside East and West represent a unique opportunity to develop the largest strategic employment site in LCR. The Parkside West scheme is focused on advanced logistics and manufacturing with large format plots.

Parkside East will develop a Strategic Rail Freight Interchange by 2030 allowing for national and regional distribution by rail, further enhancing the region's strategic strengths in low carbon multi-modal freight infrastructure. The site is also well suited for local low carbon energy production and a range of manufacturing uses, focused on attracting the LCR Freeport target sectors.

The strategy for development is to secure occupiers across the LCR Freeport Target Sectors, as set out above, in line with the requirements of the LCR Freeport Gateway Policy, such that the investment capital secured by both the Parkside East and Parkside West developers can be deployed. Investors may promote speculative development in logistics sectors as market knowledge suggests high demand for locations, especially those with Freeport benefits and incentives on offer. In all cases the overarching positive planning status enables the detailed planning and development of phased plots.

Land Ownership

Parkside West is owned by a joint venture between Langtree Property Partners and St Helens Council called Parkside Regeneration LLP (https://thisisparkside.co.uk/). ALMCOR (formerly iSec) (https://almcor.com/) which is an international land and property developer and investor has secured interests in the Parkside East location.

Approaches to development

Having secured development consent for Phase 1 Parkside West, Parkside Regeneration is now preparing detailed planning applications for the development of the first two units, adjacent to the Parkside Link Road, currently under construction by Balfour Beatty and funded by St Helens Council, the LCR Freeport Seed Investment Fund and the LCR Combined Authority. A breakdown of the development site is provided in the Tax Site Delivery Plan.

Parkside East requires a DCO planning application. Parkside East is included within the draft 2020 – 2035 St Helens Local Plan. Once the Local Plan is Adopted, ALMCOR can progress a Development Consent Order (DCO) application. The DCO programme, as included in the Parkside Strategic Rail Freight Interchange Background Paper (including Delivery Statements) is set out in Table 4.2 below.

Table 4.2 - DCO Planning Programme

Activity	Dates	Main Tasks
Pre-Application	2022 (ALMCOR to confirm, based on Local Plan Timescales)	Consultation, ES Scoping, Design Development, Technical Assessments, Application, EIA and draft Order preparation
Acceptance	Mid 2023	DCO Application Validation
Pre-Examination Activities	Autumn 2023	Provision of additional information, pre-examination meetings, agreement of main matters for examination
DCO Examination	Autumn 2023 – Mid 2024	Hearing sessions, provision of additional information, pre-examination meetings, agreement of main matters for examination.
DCO Recommendations and Decisions	By end of 2024	DCO Examiner report drafting, provision of any additional information, issue of Examiner report to Secretary of State, SoS decision and Order confirmed.
Start on Site	Early 2025	Commencement of on-site delivery of Parkside East

The broad anticipated timeline and sequencing for the delivery of Parkside East is as follows:

- DCO process commences (2022/23);
- Grant of DCO (end of 2024);
- Delivery of SRFI (2024 to 2026);
-

Delivery of the 'Superhub' (2024 to 2029-2034) – an estimated 5 to 10 year timeframe from the end of 2023 is identified for the development of the Superhub, within the emerging plan period, with the precise timing of development influenced by prevailing market demand.

The SRFI railway infrastructure is a key component to the proposals and this is currently identified as being one of the earlier phases of the overall development (and as noted, iSec is in advanced discussions with an operator for the SRFI[8]). Phasing and overall programme will continue to be kept under review and refined although it is probable that elements of the 'Superhub' will be in place before the SRFI rail infrastructure.

Management of the Tax Sites

The Tax Sites are managed by the two developers (Parkside Regeneration and ALMCOR), working closely with the planning authority St Helens Council and the LCR Freeport regarding the application of Freeport benefits. The developers will provide the necessary reporting information to the LCR Freeport to enable progress to be reported, as agreed in the Freeport MOU.

The Freeport Management Team will appoint a dedicated project manager to work with the lead officer for Parkside to prepare monthly progress reports and ensure alignment of the reporting of KPIs and key milestones. Tax Site delivery will be reported to the Board via a monthly newsletter and quarterly during the formal board updates and papers. LCR Freeport Board papers are circulated to the members of the LCR CA in advance.

Systems to track the creation of new rateable values and entries on the rates database will enable the development of management tools to inform the Freeport Board and partner Council of the TIF funding available based on the investment criteria agreed. Funds will be allocated to the established pipeline and priority projects invited to submit business cases to secure the TIF funds allocated by the additional rates generated.

Alignment to Freeport Focus

The LCR Freeport proposition is based on the assets within the LCR Freeport and the opportunity presented by the combination of key freight and logistics infrastructures and the availability and suitability of the key development sites. The objectives of the sites and the objectives of the LCR Freeport, as set out in the Gateway Policy are well aligned. The site developers are keen to establish the net zero credentials of the location and ensure that it captures uses which are most appropriate to the sustainable job creation objectives of the Freeport. All of the target sectors could be accommodated within the large plots available across the future development phases.

Wider benefits

The Parkside Tax Site will bring high GVA jobs to the LCR, as set out in the economic case. It aims to attract a diverse business base, with the incentives to attract manufacturing and capital-intensive operational businesses that require R&D to innovative, improve productivity and compete internationally. A partnership with St Helens Chamber will ensure that opportunities for new jobs, skills and optimising local supply chain spend during construction and in operation will ensure social value is secured. As partners to the Gateway Policy, the Parkside location is committed to attracting additional development, utilising the unique scale of development land

[8] https://www.sthelens.gov.uk/media/333219/shbc016-parkside-east-srfi-letter-from-freightliner.pdf

across LCR and playing its part in meeting the net zero ambitions for LCR Freeport, as set out in the framework prepared by ARUP.

Management Arrangements

The future operating costs of the Parkside sites will be funded by the developers. The retained rates generated by the Freeport development sites will be collected by the billing authority and paid to the Freeport Management Team. The approval to use retained rates has been agreed by St Helens Council and the committee report appended to the FBC. The partners supporting the delivery of Parkside West and East are committed to supporting the development of the Freeport and are prepared to consider any agreement or contract as required by HMG for the delivery of the Freeport. Currently the contractual framework is limited to the Gateway Policy (which all partners have signed up to) and the proposed MOU with HMG.

There are no particular planning frameworks currently envisaged to support the development of the Parkside Tax Site other than the DCO process and the normal detailed planning application process.

4.5.2 3MG

Tax Site Vision and Strategy

Landowner developers across the 3MG tax site intend to develop out their sites in line with the LCR Freeport Gateway Policy and have signed up to this. The sites are occupier led and most likely to respond to the needs of large manufacturing businesses and logistics and distribution businesses supporting the Freeport with quality jobs in areas of need. Proximity to the Stobart Rail head is a factor as well as a well-established rail and chemicals sector.

Land Ownership

The 3MG are now controlled by three different landowners with Liberty Properties acquiring the Viking Park (A2) plot from Esken (formerly Stobart Group). Liberty Properties are now developing both the Viking Park sites (Plots A2 and B). Marshall Holdings are bringing forward development of HBC Field and Logicor have appointed Stoford to develop the Liberty Park site.

Approaches to development

Either occupier led, pre-let investment funded development with institutionally acceptable lease terms, or institutionally backed speculative development. A nominated project manager will work closely with the 3MG leads for Halton Council and representatives of the three landowners.

Tax Site Management

The Tax Sites are managed by the core developers, working closely with the planning authority Halton Council and the LCR Freeport regarding the application of Freeport benefits. The developers will provide the necessary reporting information to the LCR Freeport to enable progress to be reported, as agreed in the Freeport MOU.

The Freeport Management Team will appoint a dedicated project manager to work with the lead officer for Parkside to prepare monthly progress reports and ensure alignment of the reporting of KPIs and key milestones. Tax Site delivery will be reported to the Board via a monthly newsletter and quarterly during the formal board updates and papers. LCR Freeport Board papers are circulated to the members of the LCR CA in advance.

Systems to track the creation of new rateable values and entries on the rates database will enable the development of management tools to inform the Freeport Board and partner Council of the TIF funding available based on the investment criteria agreed. Funds will be allocated to the established pipeline and priority projects invited to submit business cases to secure the TIF funds allocated by the additional rates generated.

Alignment to Freeport Focus

The LCR Freeport proposition is based on the assets within the LCR Freeport and the opportunity presented by the combination of key freight and logistics infrastructures and the availability and suitability of the key development sites. The objectives of the sites and the objectives of the LCR Freeport, as set out in the Gateway Policy are well aligned in terms of the jobs created and target sectors set out above.

Wider Benefits

The 3MG Tax Site will bring high GVA jobs to the LCR, as set out in the economic case. It aims to attract a diverse business base, with the incentives to attract manufacturing and capital-intensive operational businesses that require R&D to innovative, improve productivity and compete internationally. A partnership with LCR Freeport will ensure that opportunities for new jobs, skills and optimising local supply chain spend during construction and in operation will ensure social value is secured. As partners to the Gateway Policy, the 3MG location is committed to attracting additional development, utilising the unique scale of development land across LCR and playing its part in meeting the net zero ambitions for LCR Freeport, as set out in the framework prepared by ARUP.

Management Arrangements – contractual agreements

The future operating costs of the 3MG sites will be funded by the developers. The retained rates generated by the Freeport development sites will be collected by the billing authority and paid to the Freeport Management Team. The approval to use retained rates has been agreed by Halton Council and the committee report appended to the FBC. The partners supporting the delivery of 3MG are committed to supporting the development of the Freeport and are prepared to consider any agreement or contract as required by HMG for the delivery of the Freeport. Currently the contractual framework is limited to the Gateway Policy (which all partners have signed up to) and the proposed MOU with HMG.

There are no particular planning frameworks currently envisaged to support the development of the 3MG Tax Site.

4.5.3 Wirral Waters

Tax Site Vision and Strategy

The vision for the Wirral Waters Tax Site is set out in the FBC Strategic Case. Its focus is on attracting high value businesses in the Maritime, Automotive and Energy sectors.

The development strategy is a mix of speculative development (Phase 2) and pre-let development based on the particular requirements of business in the sectors targeted.

The vision and strategy for the Northside development sites is led by the Council, working with individual landowners. A Regeneration Framework has been prepared by BDP and is included in the Tax Site Delivery Plan.

Land Ownership

Wirral Waters is primarily owned by Peel Land and Property and Peel Ports Group. Multiple land ownerships exist across the Northside, including Wirral Borough Council.

Approaches to development

The Phase 2 development within the MEA Park is supported by a grant from the Wirral Waters Investment Fund. Future developments across Wirral Waters will either be occupier led, pre-let investment funded development with institutionally acceptable lease terms, or institutionally backed speculative development.

Tax Site Management

The Tax Sites are managed by the core developers, working closely with the planning authority Wirral Borough Council and the LCR Freeport regarding the application of Freeport benefits. The developers will provide the necessary reporting information to the LCR Freeport to enable progress to be reported, as agreed in the Freeport MOU.

Alignment to Freeport Focus

The LCR Freeport proposition is based on the assets within the LCR Freeport and the opportunity presented by the combination of key freight and logistics infrastructures and the availability and suitability of the key development sites. The objectives of the sites and the objectives of the LCR Freeport, as set out in the Gateway Policy are well aligned.

Wider Benefits

The Wirral Waters Tax Site will bring high GVA jobs to the LCR, as set out in the economic case. It aims to attract a diverse business base, with the incentives to attract manufacturing and capital-intensive operational businesses that require R&D to innovative, improve productivity and compete internationally. A partnership with LCR Freeport will ensure that opportunities for new jobs, skills and optimising local supply chain spend during construction and in operation will ensure social value is secured. As partners to the Gateway Policy, the Wirral Waters location is committed to attracting additional development, utilising the unique scale of development land across LCR and playing its part in meeting the net zero ambitions for LCR Freeport, as set out in the framework prepared by ARUP.

Management Arrangements – contractual agreements

The future operating costs of the Wirral Waters sites will be funded by the developers. The retained rates generated by the Freeport development sites will be collected by the billing authority and paid to the Freeport Management Team. The approval to use retained rates has been agreed by Wirral Council and the committee report appended to the FBC. The partners supporting the delivery of Wirral Waters are committed to supporting the development of the Freeport and are prepared to consider any agreement or contract as required by HMG for the delivery of the Freeport. Currently the contractual framework is limited to the Gateway Policy (which all partners have signed up to) and the proposed MOU with HMG.

There are no particular planning frameworks currently envisaged to support the development of the Wirral Waters Tax Site.

4.6 Customs site delivery and management

4.6.1 Introduction

The delivery of a Primary Customs Site Operator is an essential requirement of the Freeport. There are two Customs Site Operators at an advanced stage of approval with HMRC, Wynne Aviation and SSO Logistics. The basis of the Wynne Aviation, by example, is provided in this FBC.

4.6.2 Wynne Aviation

Wynne Aviation Services Limited, Transit Shed 1,Liverpool John Lennon Airport, Speke Hall Road, Liverpool L24 1YD

Wynne Aviation are Cargo & Freight Experts based in Speke, Liverpool. The land is owned by Liverpool Airport who will be constructing a purpose build shed which Wynne Aviation will operate as a CSO.

Wynne will be using the Customs site as an CSO and Customs Broker, completing customs formalities on behalf of the authorised business users of the Freeport Customs Site, working with 3rd party haulage and logistics providers, storing goods within the secured site.

Wynne have identified Jaguar Land Rover as a key client and who have proposed to take up to 40 % stock holding within the shed. The custom site sits within Jaguars required one mile radius of the manufacturing site, withdrawing car components from the site as required and benefiting from the freeport customs incentives.

Once the first anchor tenant is embedded this will elevate the business profile and help entice further growth with a range of sectors utilising the services. As Air Freight would normally be up to three times more expensive than sea or rail, it is a more attractive to high value, high volume, or perishable goods as it provides a more efficient and speedy transaction. Wynne intend to market the benefits of the Freeport offerings, hoping to become the first in Liverpool to provide new incentives and obtain a competitive advantage within their sector.

The business has applied to HMRC to become a Customs Site Operator and after completing the Customs Site Safety and Security documentation, attending site visits and virtual meetings with HMRC are entering the final stages of the application process. Authorisation is expected to be given August 2022, once a final HMRC site visit has been conducted to review the safety and security measures which will be installed within the site.

As the site is not developed, no customs regimes are currently in place, the shed will hold stock under the freeport special procedures. Wynne are not operating as a CSO elsewhere.

The land is owed by Liverpool Airport. The development of the primary customs site is considered under the airport's permitted development rights.

Approval to the CSO is expected in early 2023 with Wynne Aviation and HMRC agreed on the security and processes proposed for the management of the site. Note, The SSO approval is expected in December 2022.

Risks

Wynne Aviation have carried out a risk assessment and have identified the following potential risks which they have implemented security measure to address. Details are outlined in Wynne Aviation's risk assessment document and cover the following areas:

- Trade in counterfeit goods.
- Smuggling
- Tax Evasion
- Theft
- Unauthorised entry to site
- Tampering with goods.

How the delivery of the site will be governed, managed, and resourced

Senior management include David Wynne – Director, Thomas Hughes – Customs and Accounts, Mark Hughes – Operations with additional recruitment taking place to fulfil requirements of the operations and logistics of the site, Creating jobs within the local area.
Key aspects of the approach are:

- All staff must meet CAA recruitment standards including a 5 year back ground check, DBS.
- The site will be secured by fencing with security patrols airside (Wilson James) and landside (Select) with gated access by permission only.
- There will be controlled access to the site with booking slots for vehicles and logged access for workers.
- Any visitors or contractors must be signed in and given a site induction and temporary pass which must be returned at the end of the visit

- Access for employees will be managed through turnstiles, magna locked main entrance and vehicle access by intercom-controlled gates. Access for goods will be controlled through loading bays with shutter doors controlled by banksman.
- All vehicles on site must display a valid permit. All staff and visitors must have ID badges on display. All staff are advised if they come across anybody not displaying their badge that they must be challenged and report the incident immediately to the duty manager to take action, as per their security policy.
- Staff training included compliance with security measures and updated on a regular basis.
- Procedures ensure that no goods can leave the freeport site without a verification release note, which ensures no one operates on the site without the appropriate notifications, or restricted activity, or would breach restrictions imposed by HMRC. Goods can not be released without confirmation note form HMRC.
- All cargo units will be under surveillance at all times with the senior management team responsible for preventing unauthorised access and tampering. CCTV surveillance of the area will be in operation 24/7.
- HMRC compliant seals will be used to satisfy current standards, manufacturers of the seals can be found in the Wynne customs manual.
- A seven-point container inspection will be conducted by trained personnel against each container.
- Digital cloud based accounting and logistic systems and CDS will be used to record data and spot check audits will be carried out on all documents on a monthly basis.
- Incorrect or incomplete transactions are highlighted by the system and has a built-in DCS error code library - Staff are trained to resolve any issues.

Any relevant corporate and project governance policies, procedures, or project controls

An external company manage the IT security who have produced a policy document outlining relevant policies such as ISO 9001/1801 etc, this has been provided to HMRC directly to review based on their current operations.

4.7 Customs Pipeline

The Customs Pipeline is updated weekly by the LCR Freeport Customs lead. Table 4.3 illustrates an overview of the Customs Pipeline.

Table 4.3 Customs Pipeline (July 2022)		
Company Name	**Contact**	**Status Update**
ABAC Logistics Limited	David Borchard	Interested in becoming a CSO, initial call conducted identifying benefits and CFSS forms supplied to complete however they have issues around de-vanning for the containers. Mapping journey requested however information insufficient, await further correspondence.
Atlantic Park Customs Zone	Matthew Barnes	Introduction and clarification for CSO. AP is currently unoccupied, working their way through planning and expect onsite building at the start of 2023.
AZ	Andrew Sisson	On site visit complete with several follow up calls with HMRC. The company want clarification regarding outstanding questions such as inventory record keeping issues before investing resource into writing business plan and completing CSFF form.
Bibby Marine	Bruce Fairweather, Kevin Brown and Nigel Quinn	Arranging an introductory meeting to discuss Freeports.
CWT Commodity Logistics UK Ltd.	Jason Cross	Await clarification form HMRC / DEFRA regarding issues around organic coffee / freeport before the company will move forward.
Enciro 360	Catherine Clerkin	Initial Meeting held virtually with a site visit on 30th June to discuss the CSO process. Factory Tour and meeting was very positive, with the benefits of CSO status and the involvement with LCR through Freeports very much understood; follow up meetings to be held for EOI and CSO applications to be progressed.
Fleet solve Ltd	Keith O'Connor	Initial introduction call, the business is keen to move forward with both Tax and Customs sites, Information and CFSS sent to complete.
Kone Cranes	Rhys Garrard	Initial call complete, Peel ports will need to be CSO before the company would benefit from the offering and operate as an authorised user.
Peel Ports	Lauren Caldwell	CSO expression of interest form submitted to HMRC 24/06/2022. Peel are already AEO-S approved. Await a HMRC call to be arranged to discuss next steps.
Potter Space	Rob Barker	Although the company own the rail terminal, they require an operator which they are busy looking for. Once implemented they will be able to move forward with CSO.
SSO International Forwarding	Angus Hirst	CSO application with HMRC 05.07.22

Stanlow Terminals	Frits Ploeg, Mike Gaynon, Sally Buckley (PA)	Site visit / CSO meeting on 30th June to discuss the CSO application. EOI form sent and initial meeting was very positive and they understand the scope of freeport status.
Stena Line		Meeting with Stena Line - Date TBC
Stobart - Muller	Alice Freakley and Nick Graham	Interested in becoming a CSO however would like HMRC to visit the site to discuss De-vanning issues, looking at real like operations to understand if there are any work arounds before they apply for CSO.HMRC have approached policy and await an update.
Teva	Paul Williams	Unhappy about proposal to government for FP's re IP not included within the benefits, and struggling to see the benefits of CSO – Offered a meeting to discuss further.
Trirx	Xiaolin Qi PhD and Peter Troutt	Have started to complete the CFSS, this is requiring more detail than anticipated, particularly around the financial questions. As the UK business was only set up 1-Feb (less than 3 years) they need to establish if the owners are prepared to share such level of detail at this point.
Wild Thang	Andrew Dwerryhouse and Leigh McLaughlin	Initial Site visit and introduction arranged for mid-July.
Wynne Aviation	David Wynne and Thomas Wynne	Completed CFSS and at the final stages of the application. Awaiting decision by HMRC.

4.8 Securing seed investment funding

4.8.1 LCR CA Assurance Process

The LCR CA is the accountable body for the Seed Investment Fund. The Fund will be managed according to the LCR CA Assurance Processes. The LCR Freeport Management Team and key representatives from the LCR CA will review the LC Freeport Delivery Plan in terms of how the current LCR CA Assurance Framework supports and enabling both the day to day operations of the Freeport and major investment decision making. The expectation is that any special arrangements or changes to the Assurance Framework will be reviewed internally before being recommended for approval by the CA and if necessary, by Government.

4.8.2 Subsidy Control

All investments supported by the LCR Freeport will be subject to a Subsidy Control Assessment. Each of the projects will be required to take its own legal advice on Subsidy Control prior to the submission of the FBC. LCR Freeport awaits confirmation by Government that the core package of tax measures and reliefs are themselves acceptable in terms of Subsidy Control and there is no upper limit to the value of reliefs any single entity can receive.

4.8.3 Grant Funding Agreement

A bespoke Grant Funding Agreement (GFA) will be prepared to support the investment by the LCR CA in LCR Freeport projects. The Agreement will be based on existing Grant Funding Agreement templates currently used by the LCR CA SIF. All funding security and LCR Freeport requirements will be contained in the LCR Freeport GFA.

4.9 Establishing the Tax Increment Finance (TIF) mechanisms

4.9.1 Introduction

Each Tax Site local authority will be required to prepare a TIF Business Plan which sets out the criteria for securing PWLB borrowing against future net additional business rates generated by the new developments within the Tax Sites. The approach is unique to each area and set out below.

Each tax site Council will secure full approval to enter into the LCR Freeport and create the required TIF. St Helens Council has already secured approval for this. Wirral Council has secured officer approval to enter into the Freeport arrangements and support the submission of a Full Business Case. Halton are progressing the internal approvals required.

4.9.2 Wirral Waters, Wirral MBC

The Wirral Waters Investment Fund, currently in use supporting investments in the Wirral Waters Enterprise Zone (part of the Mersey Waters Enterprise Zone), will be updated to reflect the requirements of the LCR Freeport.

4.9.3 3MG, Halton MBC

Halton Borough Council will adopt the principles of the Sci-tech Daresbury Tax Increment Finance Scheme to establish a dedicated TIF scheme for the 3MG tax site.

4.9.4 Parkside, St Helens MBC

St Helens will create a new TIF Business Plan to support TIF for Parkside.

4.9.5 Risk Transfer

Within the risk register (Appendix D), the individuals responsible for managing each risk will be identified.

The Green Book articulates that the responsibility for management of risk should be allocated to the organisation best placed to manage it, whether in the public or private sector. The allocation of programme risks between the private and public sector is summarised in Table 5.7. However, whilst risks have been allocated to public and private partners in the table below, the allocation may vary dependent on the stage of the programme, the nature of the risk and in particular whether the risk materialises pre or post funding.

Table 4.4 Risk allocation

Risk Description	Non-transferable	Public / private	Other	Commentary
Business Risks				
Results and Impacts - Risk that results not achieved or the results (sites and systems) don't deliver the expected impacts.	X			Must be retained by Freeport Board
Partnerships - Risk that partnership delivery model breaks down and partners no longer participate or change the terms of their engagement	X			Must be retained by Freeport Board
Reputation - Risk that confidence in the proposed or established governance structure is lost	X			Must be retained by Freeport Board
Resources - Risk that financial and human resources available to the LCR Freeport are insufficient to deliver on targets effectively	X			Must be retained by Freeport Board
Service Risks				
Demand (Customs) - Demand for the customs benefits undermining the viability of the Freeport Business Model			X	Customs model to be developed with Government to ensure use optimised
Demand (Tax Sites) - Demand for land available within the tax sites frustrating outputs		X		Work across LCR Freeport to ensure effective site promotion
Sustainability - Initial support and agreement between partners re the business model changing over time and impacting on financial sustainability.		x		Resourcing the team a shared responsibility – primarily sourced via retained rates
Competition - Competition between tax sites / Freeports / customs sites weakens LCR wide strategic approach	X			Effective partnership arrangements sustained by the Freeport Board
Cost Increases - Inflationary pressures and implications e.g. wage increases are required, as well as increases to overhead costs, in particular office costs	X			Freeport Board continue to provide effective resource model, managing costs – in particular wage inflation
Delays - Delays in securing approval to the Freeport Designations, delays in contractual arrangements (both internal and with key contracted partners), delays in partner understanding of the Freeport value proposition.	X	X		Dedicated resource to enable the swift resolution of actions, involving all members of the Freeport
Quality - Internal and external partner quality standards being maintained and managed effectively impacting on reputation, wider participation and demand	X			Must be retained by Freeport Board
Stakeholder Engagement - Risk that key stakeholders don't fully engage through the business planning or establishment phases, undermining the business model or overall effectiveness of the Freeport				Must be retained by Freeport Board
Subsidy Control (State Aid) - Risk that there is a breach of new Subsidy Control rules (linked to legislative change)		X		Core benefits tested by the Freeport but grants / investments in companies must be demonstrated by the recipient

Match Funding - Risk that funding the LCR Freeport falls to small number of key stakeholders, primarily public sector partners		x		Freeport to lever the value of Freeport to secure effective match and sharing of core costs – e.g. marketing and promotion
Planning - Risks of moving from outline to detailed planning		x		Risks managed by the developer
Planning - DCO - Rail - Parkside East				Risks managed by the developer
Planning - Outline planning from an allocation				Risks managed by the developer
External risk				
Political (National) - Change in Government or change away from Freeport Policy, focus on inward investment, growth and innovation	x			Must be retained by Freeport Board
Political (Regional) - Lack of near term and longer term political support from LCR CA and member local authorities undermining opportunities to realise benefits	x			Must be retained by Freeport Board
Economic - Recession due to future events limiting growth and investment opportunities / frustrating growth and reducing scope of investment available from business rates retained	X			Must be retained by Freeport Board
Business / Social - Changing expectations from business and investors in new facilities	X			Must be retained by Freeport Board
Technological - Freeport solutions not adapting to technological change or customs operators not attracted to the Freeport offer	X			Must be retained by Freeport Board
Legal - Legislative changes impacting on the activity of the Freeport operations or the structure of the future joint venture arrangements	X			Must be retained by Freeport Board
Environmental - Changing environmental standards impacting on Freeport operations, reporting obligations requiring a change in approach or increased costs	x			Must be retained by Freeport Board

4.10 Key milestones

The key commercial case milestones are set out in Table 4.5 below.

Table 4.5: Key commercial milestones

Milestone	Date	Key Dependency / Notes
Subsidy Control	April 2022	Workshop with Freeport Hub and other participating Freeports to consider joint procurement, Subsidy Control position to be developed following approval of FBC
Established Freeport Management Board and Freeport Governance	11 April 2022	LCR CA Process for FMB papers completed, Draft FBC to be circulated
Freeport Gateway Policy - Supporting Forms	30 May 2022	Prepare forms based on approved Gateway Policy and recommendations from the Freeport Management Board in April 2022

Seed Investment Fund Award to St Helens Council	31st March 2023	Approval to FBC, agreed SIF structure agreed in May 2022 and award subject to approval of FBC and funds received from DLUHC. Project already meets SIF Assurance requirements (LCR CA to confirm) as currently investing £23m.
Seed Investment Fund Award to Halton Council	31st March 2023	Approval to FBC, agreed SIF structure agreed in May 2022 and award subject to approval of FBC and funds received from DLUHC. SIF Application and business case may be required to meet assurance requirements.
Seed Investment Fund Award - Peel Land and Property	31st March 2023	Peel Land and Property to secure match funding and submit a SIF application. If application not received, open call for project proposals to Freeport Management Board for investment in projects to best accelerate Freeport outcomes.
Establishment of Freeport Management Team Partnership / Consultants	end May 2022	Confirm appointments as set out in the Management Case
Establish Innovation Programme	end August 2022	Ensure programme developed subject to FBC approval to Seed Investment Funding in August 2022
Establish Skills Programme	end August 2023	Ensure programme developed subject to FBC approval to Seed Investment Funding in August 2023
Establish St Helens TIF Fund	N/A	Fund Agreed by St Helens Cabinet in April 2022
Wirral Council Tif Fund	end March 2023	Officer approval given in April 2022, business case prepared November 2022, full Council permission required in Policy and Resources Committee in Q1 2023
Halton Council Fund	end August 2023	Principle agreed by Executive Board mid-April

4.11 Commercial and marketing plans

4.11.1 Communications Plan

The LCR Freeport is summarized in Figure 4.10 below. The Plan sets out a programme of communications over the first 12 months of the Freeport operation from May 2022 and covers work across various areas including:

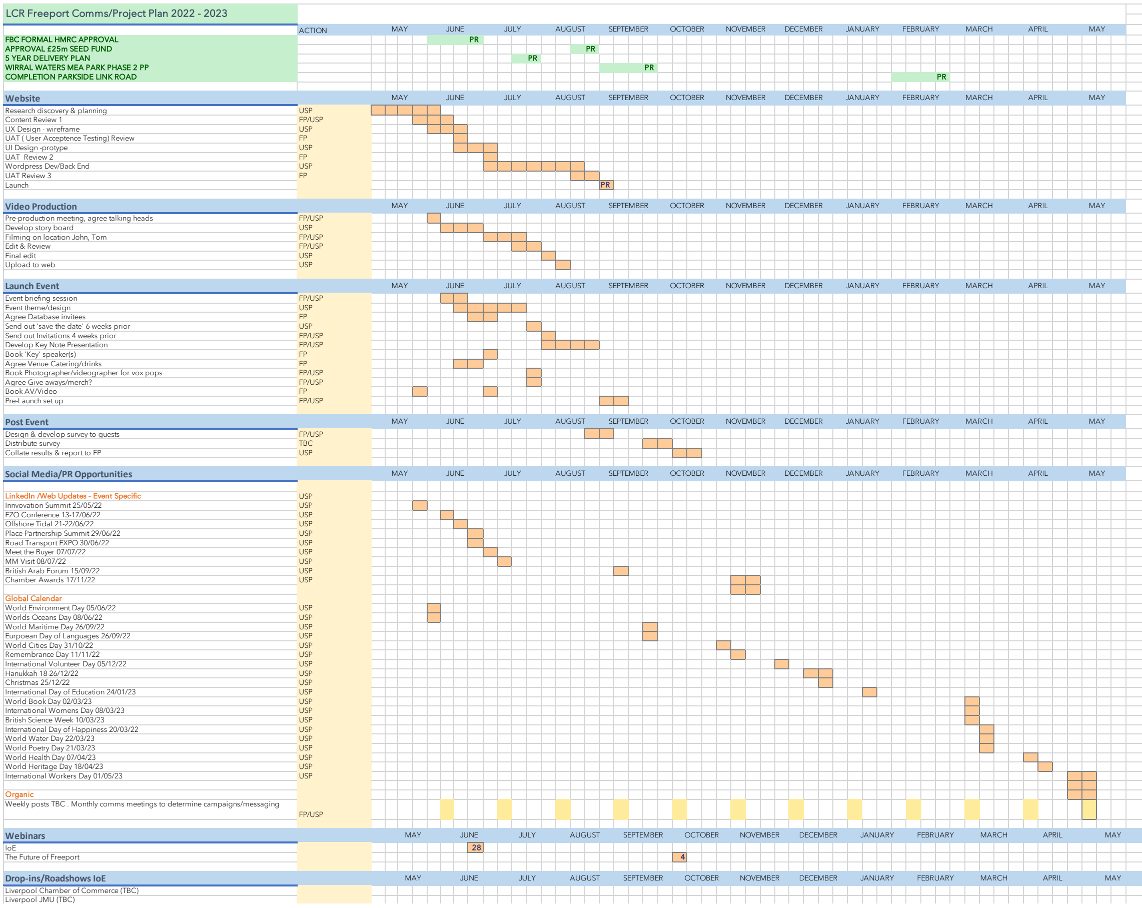
- Website
- Video Production (to be filmed early August featuring representatives of CSOs/tax sites/management team)
- Launch event, and post event actions
- Social media activity (to be launched mid-July)
- PR support to gain national coverage

- Webinars and roadshows.

The actions set out in the Freeport Communications Plan will help the Freeport proposition and sites reach the following markets and audiences:

- UK Investors in sites aligned to the LCR Freeport Gateway Policies;
- Overseas Investors in target locations and sectors aligned to the LCR Freeport Gateway Policies;
- Occupiers and businesses seeking to grow and take advantage of the available sites;
- Public / Community to understand the skills and job opportunities available as a result of investments across the LCR Freeport;
- Innovation organisations, universities and research and development functions within businesses interested in collaborations to attract innovation investment and co-location benefits of the Freeport;
- Political at local and national level to ensure support maintained and future opportunities aligned.

Figure 4.10 LCR Freeport Communications Plan



4.11.2 Branding Guidance

LCR Freeport has developed a clear brand for the Freeport. The branding guidance to support the delivery of the LCR Freeport is set out in Appendix 3.

4.12 Procurement strategy

4.12.1 Overview

The delivery of the LCR Freeport will require the appointment of staff and the procurement of services and works contracts by the LCR Combined Authority as the Accountable Body for the LCR Freeport, the partner Councils and private sector partners. Procurement is a useful mechanism for ensuring the core values of the Freeport are delivered and as such, Freeport funded procurements are required to demonstrate through the specifications and tender documentation how they are supporting the social value principles and other core values of the LCR Freeport.

All LCR Freeport procurements are expected to follow the LCR CA Financial Standing Orders[9] (Procurement Policy).
A Comprehensive Procurement Strategy will be prepared in consultation with all partners across the three core areas of procurement management:

- Freeport Management
- Seed Investment Procurements(including innovation and skills)
- Tax Site Delivery Procurements

The current known procurements are set out below. Each procuring authority will follow their internal processes and established approaches in securing best value. Published public sector compliant frameworks may be used to expedite the appointment of contractors.

4.12.2 Freeport Management

The Freeport Management Team will follow the LCR CA procurement policy for the appointment of advisors to support the work of the LCR Freeport. Advisors currently appointed are:

- AMION Consulting, to support the preparation of the submission, Outline Business Case and Full Business Case and provide ongoing support to the Freeport Management Team and Board;
- UPS Creative, prepared the LCR Freeport Brand Guidelines and design and communications support to the Freeport Management Team and Board; and
- Q3 Consultancy LLP, supporting the Management team as Operations and Business Development Director.

4.12.3 Seed Investment Funds

Table 1 below provides and overview of the three procurements anticipated for projects supported by the Seed Investment Funds. Services contracts will be procured according to the Procurement Policies of the local council and LCR CA undertaking the works and in the case of Wirral Waters, in line with the Peel and LCR CA policies.

Seed Investment Projects Currently Underway – Parkside Link Road

The project will be delivered though the National Scape Civils and Infrastructure Framework. Scape is a public sector owned built environment specialist. It offers a suite of OJEU compliant frameworks and innovative design solutions that are available to public bodies in the United Kingdom and can support the entire lifecycle of a project. Scape actively audits each project and framework partner, ensuring you receive value for money and an excellent level of service. It has an embedded social value process for each project, covering job creation, local labour spend and community engagement. It encourages collaborative working and early contractor involvement

[9] https://moderngov.merseytravel.gov.uk/documents/s41613/Constitution%20Update%20Report%20-%20AG%20021019%20Appendix%203.pdf

(ECI) so that project design and delivery can be influenced, progressing rapidly to the construction stage. This procurement route has been scrutinised by the Council's Procurement Team and approval was given by St Helens Council Cabinet for the project to be delivered in this way.

The Framework consists of a sole provider in Balfour Beatty who has an excellent track record of delivery for the Authority and recently delivered A580 Windle Island Junction Improvements and A580/A58 Pewfall Junction Improvement Scheme within time and budgetary constraints. All works are openly tendered to an agreed sub-contractors list with fixed fee uplifts applied to those work packages.

The Contractor will be appointed under a call off contract form from the Framework which is a New Engineering Contract 3 (NEC3) Engineering & Construction Contract Option C Target Cost. A target cost contract introduces a mechanism enabling the contractor to share in the benefits of cost savings, but also to bear some of the cost when there are cost overruns. This arrangement forces both parties to work more collaboratively as the financial success is shared by both client and contractor. Similarly, the financial failure of a project is shared. This collaborative working can reduce disputes and accelerate innovation.

Table 4.6 Procurement of Seed Investment Capital Projects

Project	Lead (Client)	Est Value	Process	Policy Standards	Pricing Structure	Form of Contract	Evaluation Criteria
Parkside Link Road	St Helens Borough Council	£56m	National Scape Civils and Infrastructure Framework	Social Value: job creation, local labour, community engagement	Sub-contractor tenders with fixed fee uplifts	NEC3 Engineering and Construction Contract Option C Target Cost	Audit and assessment by Scape
Port Weston Access Road	Halton Borough Council	£6.5m	TBC, potentially National Scape Civils and Infrastructure Framework	Social Value: job creation, local labour, community engagement	TBC, potentially Sub-contractor tenders with fixed fee uplifts	TBC	Set Out in ITT
Wirral Waters Enabling Works	Peel Land and Property	£8m	TBC, potentially National Scape Civils and Infrastructure Framework	Social Value: job creation, local labour, community engagement	TBC, potentially Sub-contractor tenders with fixed fee uplifts	TBC	Set Out in ITT

Skills and Innovation Procurements

£1.5m of the Seed Investment Funds will be distributed to skills and innovation programmes via the following:

- New and existing commissioned activity;
- New and existing procurement frameworks; and
- New competitions and 'calls' for projects.

4.12.4 Tax Site Delivery

Developments within the Tax Sites will be managed by the landowning partner or the development partner licensed or permitted to undertake the works. Where projects are delivered exclusively with private sector investment, the projects are expected to follow their own policies but set out how the procurement and capital project contribute to the values of the LCR Freeport, in particular deliver social value. Where applicable, social value objectives will also be required within the planning permission. Use of the Considerate Constructors scheme will be encouraged.
Table 4.7 below outlines the short term procurements expected in support of the Tax Sites.

Table 4.7 Development Sites

Project	Lead (Client)	Est Value	Process	Policy Standards	Pricing Structure	Form of Contract	Evaluation Criteria
Parkside West Phase 1 Enabling Contract and Units A, B and C	Parkside Regeneration Ltd	£70m	Competitive Single Stage Tender	Social Value: job creation, local labour, community engagement	Main Contractor priced Tender including OHPs	TBC. Anticipated NEC or JCT	Post submission Tender Qualitative and Quantitative evaluation by the appointed professional team
Parkside West Phase 2 Enabling Contract Units E, F and G	Parkside Regeneration Ltd	£100m	Competitive Single Stage Tender	Social Value: job creation, local labour, community engagement	Main Contractor priced Tender including OHPs	TBC. Anticipated NEC or JCT	Post submission Tender Qualitative and Quantitative evaluation by the appointed professional team

4.13 Contract management

The LCR Freeport is managed by the Freeport Management Team employed and procured by the LCR CA. Contractual arrangements to the core team are managed by the Freeport Director and agreed with the LCR Freeport SRO at the LCR CA.

Contracts let for the delivery of the Seed Investment projects will be managed by dedicated lead officers at St Helens Council (Parkside Link Road), Halton Council (Port Weston Access Project) and by construction managers at Peel (Wirral Waters Enabling).

Contracts for the delivery of infrastructure, property and enabling works will be managed by the respective developers advised by their professional teams, externally appointed and in house. Contractors will be engaged through a variety of contracts including target and fixed price arrangements. Each developer has their own preference for the form of contract and approach to risk allocation. Each tax site developer and local council partner implementing seed investment projects will confirm the form of contract and approach to risk allocation.

4.14 Public Sector Borrowing

4.14.1 Overview

The approach to public sector borrowing is determined locally by each billing authority. The modelling prepared in support of the TIF scheme's agreed is subject to further detailed appraisal by each billing authority.

4.14.2 Modelling Assumptions

Each billing authority will undertake a detailed assessment of the process and system for calculating the level of TIF funding available to support the pipeline of investment projects. The TIF model supporting this business case makes the following assumptions when considering the funding available for TIF funded projects:

- PWLB Rate of 3% - currently PWLB rates (based on Gilts + 0.8%) are currently c3.7% so we would expect additional borrowing costs to reduce the total TIF fund available and increase the assessment of risks associated with non-payments and reductions in the baseline.
- 5% discount on the retained rates overall due to discounts achieved with agreement of the VOA.
- 5% discount to reflect the non-payment of rates.
- All Cap Ex incurred in the first 10 years, with a further 10 years to repay the Cap Ex -allowing 5 years of repayment headroom to manage delays, refinancing or other payment and timing risks
- 25% Baseline loss to account for losses in the level of RV income due to empty units or failure to collect business rates.
- 15% Contingency on the remaining TIF budget to allow for uncertainty across the programme and allow for effective programme management.
- 25% of rates income retained by the local council for investment in growth teams and support services to the Freeport Tax Site including regeneration, property, finance, legal and infrastructure.

4.15 Subsidy Control

Overview

The LCR Freeport Management Team has received legal advice with regard to Subsidy Control and has participated in joint efforts with the Freeport Hub to identify the subsidy control issues impacting on the Freeport programme in LCR.

The Subsidy Control Act 2022 received royal assent on 28th April 2022. The Act defines a subsidy as financial assistance:

- given directly or indirectly from public resources by a public resource;
- confers an economic advantage on one or more enterprises;
- the subsidy is "specific" ie it benefits one party or parties over others in respect of goods or services; and
- has, or is capable of having an effect on:
    - competition or investment within the UK;
    - trade between the UK and another country;
    - investment between the UK and another country.

The Subsidy Control Principles are set out in the First Schedule to the Act include the following:

- Common interest – pursue a specific policy objective in order to remedy a market failure or address an equity rationale
- Proportionate and necessary
- Designed to change economic behaviour of beneficiary, ie conducive to achieving policy objective which would not happen without subsidy
- Would not fund costs that would be funded anyway
- Least distortive means of achieving policy objective
- Minimise negative effects on competition or investment within the UK

Overall, the requirement is to set out that the beneficial effects outweigh the negative effects
A detailed assessment of the subsidies available across the Freeport policy will be undertaken against the 6 Subsidy Control Principles above.

Subsidy Control and Freeport

Notwithstanding the findings of the appointed legal support to evaluate the Subsidy Control position, the core areas of subsidy are identified, but not limited, to:

- Revenue grant support to the LCR CA from Government to facilitate the LCR Freeport
- Revenue grant support from the retained rates to facilitate the LCR Freeport
- Seed Investment Funding to the identified infrastructure projects (public highways)

- Seed Investment Funding to privately owned development projects (enabling infrastructure)
- Seed Investment Funding to skills programmes
- Seed Investment Funding to innovation programmes
- Tax benefits accruing to private companies during development of tax sites
- Tax benefits accruing to occupiers of designated Tax Sites
- Customs benefits accruing to Customs Site Operators
- Customs benefits accruing to customers of Customs Site Operators

4.16 Stakeholder management and communications

4.16.1 Overview

LCR Freeport Management Team has prepared a detailed Stakeholder Management Plan. The Plan will be reviewed by the Freeport Board on an annual basis and refreshed annually by the Freeport Management Team. The Stakeholder Plan is attached as an Appendix to this FBC.

Management case

5.1 Introduction

The implementation of the LCR Freeport has progressed since the notification by Government to prepare an OBC and FBC. A LCR Freeport Board Chair has been appointed and the Board has met. A Freeport Director and Freeport Programme Manager are also now in post, employed by the LCR CA.

The LCR Freeport Board is now operational, having formally met to approve its Terms of Reference on the 11th of April 2022. The Board has also approved the Terms of Reference for the Operations Group. To support the delivery of the Freeport, a LCR CA Delivery Team has been established with representatives from policy, transport, skills, innovation, investments, legal, finance, low carbon and major projects to help coordinate and drive forward the implementation of the Freeport, in particular how the LCR CA can best perform its accountable body role.

5.2 Governance

5.2.1 Overview

The LCR Freeport will be governed by an LCR Freeport Board with the LCR CA as the LCR Freeport Accountable Body. Within two years of commencement, the LCR Freeport Board will review its membership and relationship with the LCR CA once operational with the intention of deciding whether to establish a Mayoral Development Corporation (without planning powers). Several options were considered as part of the OBC planning process and the option of a Mayoral Development Corporation was the preferred option once the core functions and requirements of the Freeport were better understood. Recent discussions with LCR CA colleagues and the Freeport Board have suggested that a governance review will be considered as part of the year 2 programme commencing in April 2023 such that a decision could be made in 2023 to move the operations to the new delivery model by the end of the financial year.

The Terms of Reference for the Freeport Board are included in Appendix J. The members of the Freeport Board are as per the Table 5.1 below.

Table 5.1 Freeport Board Members

Name	Organisation	Sector
Thomas O'Brien	LCR Freeport Chair	Independent Private sector
Steve Rotherham	Liverpool City Region Metro Mayor	Accountable Body Combined Authority
David Baines	St. Helens MBC Leader	Local government
Graham Morgan	Knowsley MBC Leader	Local government
Asif Hamid	LEP Chair Contact Company	LCR LEP Private sector
Stephen Carr	Peel Ports Group Commercial Director	Port of Liverpool

Mark Beardwood	DLA Partner	Private sector
Heather Akehurst	Open Awards Chief Executive	Private sector
Barbara Sanderson	Leapfrog Operations Director	Private sector
Rotating: Mick Whitley Kim Johnson	Member of Parliament Birkenhead Member of Parliament Liverpool Riverside	Political representative (national and local)
Rotating: Prof Mike Riley Prof Wiebe Van den Hoek	Liverpool John Moores University Liverpool University	Higher Education

The intention is for the Board to meet quarterly. The Management Board would consider proposals and recommendations tabled by the Operations Group, which meets monthly.

5.2.2 Scheme of delegation

Table 5.2 below sets out the proposed Scheme of Delegation to inform future detailed discussions regarding authority and decision making. The LCR CA and Freeport Management Team will work to establish how the LCR CA Assurance Framework supports the work of the Freeport in terms of enabling day to day operations and the ability to award and account for major investments. The Freeport Director has authority to approve expenditures of up to £150,000. What needs to be developed is the delegation of the Freeport Management Board to make investment decisions whilst the LCR CA is the Accountable Body. Connected to this process is the need to enable the Freeport to receive income from a range of sources, including developer contributions for marketing and commissioned or franchised incomes associated with commercial opportunities enabled by the market opportunity created by the LCR Freeport.

Table 5.2 Proposed Scheme of Delegation

Approval Area	Freeport Director	Freeport Chair	Freeport Operations Board	Freeport Board	LCR CA SRO	LCR CA Board	Tax Site Council	Developer Landowner	Freeport Partner
Core Functions									
Approval of CSO Application				x					
Approval to Annual Revenue Support				x	x				
Approval of Seed Investment Fund Project or Programme				x					
Location of Freeport Team				x					
Approval of occupier / scope of intended development to Tax Site				x					
Approval of Annual Business Plan			x	x					
Approval of Monitoring Report to Government	x		x		x				
Approval of Full Business Case*		x			x	x			
Approval of Commencement Plan			x	x					
Operational Functions									
Agenda and Board Reports	x	x	x						
Recruitment of Freeport Director		x			x				
Recruitment to Freeport Team **	x								
Marketing and Branding	x			x					
Sponsorship and Partnerships	x		x	x					
Secondment Agreements with Third Parties	x								
Single expenditures up to £150,000	x								
Expenditures over £150,001	x	x			x	x			
Constitutional Approvals									
Approval to create Freeport SPV				x		x			

Freeport Delivery									
Development Planning (preparation)								x	
Development Planning (approval)							x		
Innovation (working with LCR Innovation Board)				x					
Trade and Investment (working with Growth Platform and DIT			x	x					x
Tax Site Delivery							x	x	
Customs Delivery									x
Use of Retained Rates (recommendations)			x	x					
Use of Retained Rates (approvals)							x		
Skills Plan delivery				x		x			x
Strategic Alignment	x		x	x					
Stakeholder engagement	x	x	x						x
Security and compliance	x			x				x	x
Net Zero reporting			x	x				x	x
Risk Management				x			x		
Monitoring, Evaluation and reporting	x	x	x	x	x	x	x	x	x

5.2.3 LCR CA, the accountable body

The LCR CA provides all accountable body functions in support of the Freeport Management Team and the financial resources available to the Freeport, in particular the revenue support grant (£1m) and the Seed Investment Fund (£25m). The LCR CA supports the governance of the Freeport, including the Operations Group and Freeport Board with a cycle of consultative sessions ahead of each key meeting with the six LCR local councils, which includes specific meetings with Growth Directors, Chief Executives and the Metro Mayor, Major and Council Leaders. This ensures that the constituent members of the CA are effectively consulted on key policies and issues. Council Growth Directors, Chief Executives and the Metro Mayor, Mayor and Council Leaders have all been consulted on the preparation of the OBC and FBC. The Board of the Combined Authority will meet on the 29th April 2022 to discuss the LCR Freeport FBC submission and consider it for approval.

In January 2022 the LCR CA established a new Liverpool City Region national Local Growth Assurance Framework[10]. This sets out how the LCR CA will operate and uphold the requirements expected of a public body and public funds. The implementation of the Seed Capital Investment projects will be evaluated in light of the Assurance Framework, and if necessary, variations to the approach agreed.

5.2.4 Securing delivery

The LCR Freeport Board and partners recognise the significant value of Government's investment in the LCR Freeport proposition and the need to secure and safeguard the basis for which the investment is made. Stakeholders to the delivery of the tax sites have signed up to the LCR Freeport Gateway Policy – this makes clear the ambition and expectations of the key sites across the three tax sites. According to the Policy, the Freeport Board, as the authority to approve or reject developer's proposals for occupiers. This position is then reported to the Tax Site Council who has the legal power to grant or withhold business rates relief. The LCR Freeport Partnership Agreement will set out the basis for how stakeholders are held to account for their role in the Freeport and how the control measures held by Government will be used. Ultimately, LCR Freeport understands that government has the ability to revoke Tax Site designation and the LCR Freeport status if the scheme

10 https://www.liverpoolcityregion-ca.gov.uk/wp-content/uploads/LCRCA-National-Local-Growth-Assurance-Framework-Jan-2022.pdf

is not implemented properly. Significant changes to the LCR Freeport proposition will require a change control process to be approved by Government. The implementation of the LCR Freeport will be communicated regularly and openly.

5.2.5 Key policies and governance documents

The LCR CA as accountable body holds all the required policies to support the governance and management of the core Freeport operations. These policies, including the recently prepared Equality Strategy, are available to view on the LCR CA website - https://www.liverpoolcityregion-ca.gov.uk/governance/policy-documents

5.2.6 LCR Freeport Partnership Agreement – MOU

LCR Freeport Board, LCR CA, St Helens Council, Halton Borough Council and Wirral Borough Council are prepared to receive the draft Freeport Partnership Agreement from Government and work through a constructive process to agree the terms of the partnership going forward. The partners to LCR Freeport fully except government's requirements for information, data and assurance that the policy is being delivered and managed as intended.

5.2.7 Delivering the Policy Levers through the Freeport board

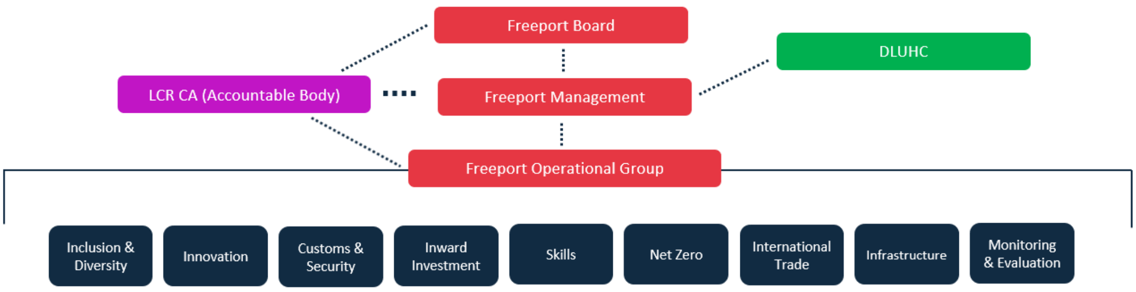
Figure 1.1 sets out the initial structure for ensuring that the Freeport policy levers are structured effectively within the Governance and Management of the Freeport. There are technical groups focused on Security and Risk as well as collaborative thematic groups for Innovation, Skills and NetZero, which ensure that Freeport value is captured in external partnerships, as well as correctly positioned and understood to ensure that the resources available are maximised.

5.2.8 LCR Freeport Operations Group

The Freeport Board will nominate members of an Operations Group, comprising senior officers and individuals from Board member organisations. It is proposed that the Operations Group will meet monthly and assist the Freeport management team in setting its plans for approval by the Board and in delivering the objectives of the Freeport at pace.

5.2.9 LCR Freeport thematic groups

The Steering Group's work will also be informed by a number of thematic sub-groups, led by members of the Steering Group. These will relate to delivering the objectives of the Freeport, including skills and employment, innovation, regeneration, exporting and investment, sector focused activity, and addressing any negative externalities. This in turn will ensure that the expertise and knowledge of wider stakeholders beyond the confines of the governance structure is fully utilised, and that as far as possible, an inclusive approach is promoted.



5.3 Management Team

5.3.1 LCR Freeport core team

The core Freeport Management Team roles are as follows:

Freeport Director (SRO) - Appointed

The Freeport Director ([redacted] is responsible for the day to day operations of the Freeport. The Freeport Director is the SRO for the Freeport and reports to the LCR CA Finance Director and is accountable to the Freeport Board. The Freeport Director is responsible for external appointments, commissioned activity and partnerships to facilitate the operation of the Freeport. The Freeport Director will chair Freeport Management Team meetings, sign off on the Full Business Case and annual delivery plans and chair the Freeport Operations Group.

Freeport Programme Manager (reporting to the SRO) - Appointed

The Freeport Programme Manager ([redacted] is responsible for the effective coordination of the Freeport programme, including supporting the effective delivery of the core Freeport workstreams and liaising with key partners. Reporting directly to the Freeport Director, the Programme Manager will play a key role in reporting progress and supporting key stakeholder relationships.

Freeport Project Manager (reporting to the SRO)

The Freeport Project Manager (TBA) will support the Freeport Team with the effective management of key workstreams across the Freeport work programme. The role is to be specified and recruited initially from with LCR CA. If this doesn't yield a successful outcome, it will be widened out to an open advert and recruitment process.

Customs Site Operator Lead (reporting to the SRO)

The Customs Site Operator Lead ([redacted] will lead on providing technical support and guidance to prospective and approved customs site operators. The role is currently via a services contract with the Institute of Export.

Inward Investment and Trade Manager (reporting to the SRO)

The Inward Investment and Trade Manager (TBA) is a role hosted by DIT and co-financed with LCR Freeport and DIT to ensure effective access and involvement of key DIT functions and services. The role profile and person specification are to be agreed. The recruitment and appointment will be via an open process consistent with DIT's recruitment policy.

Business Case and Tax Sites Consultant (reporting to the SRO)

The Business Case and Tax Sites Consultant (AMION Consulting) leads on the preparation of the business cases and delivery plans for the LCR Freeport. This appointment is an extension to the existing scope of services between LCR CA and AMION.

The Freeport Management Team will be complete by the time the FBC is approved in August 2022.

5.3.2 LCR CA and LCA Local Authority support roles

The Core Team is supported by the following functional leads from the LCR CA:

- Economic Policy
- Diversity & inclusion
- Finance
- Net Zero / Mersey Tidal
- Innovation
- Skills
- Governance
- Inward Investment / Growth Platform
- Infrastructure
- International Trade
- Transport

Each of the leads for the functional areas above will set out their contribution to the delivery of the freeport such that gaps in capacity and resource can be identified. The value of the in-kind contribution across the LCR CA is valued at £150,000pa. If in-kind resource cannot be allocated, a resource request will be made to the LCR CA to enable new roles to be created or for a external qualified consultant to be appointed.

To ensure effective coordination across the LCR CA, the Freeport Director and Programme Manager will work closely with key officers from the LCRCA. The Development and Investment Manager role will be hosted by the DIT and will work closely with sector leads, business engagement and inward investment officers as well as with DIT inward investment teams and local authority inward investment and economic development officers. The promotion and marketing activity will be led by the Freeport Director supported by communications specialists.

5.4 Communications Plan

This section outlines the communication strategy for the LCR Freeport, in line with the Business Case, which is operationalised into annual communication plans. Reviews of the annual communication plans will be presented to the Freeport Management Board and maintained by the LCR Freeport Management Team. This strategy document outlines the main communication objectives of the LCR Freeport, the main target groups identified, the messages that will be communicated to the target groups and the channels that will be deployed.

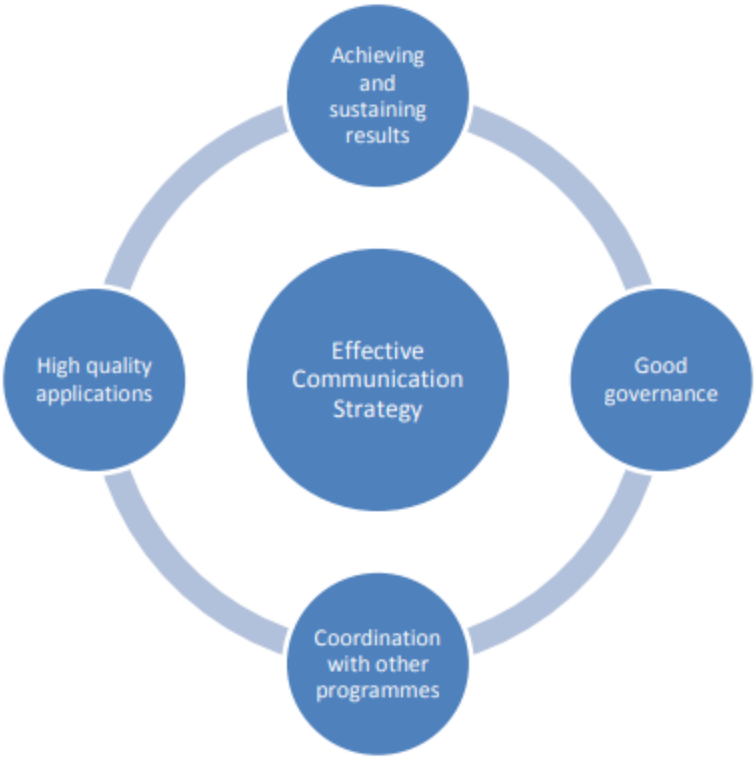
5.4.1 Communication Objectives

The purpose of the communication strategy is to raise awareness of the LCR Freeport, it's key objectives, incentives, and outputs, with potential clients, stakeholders and the general public, thereby facilitating the achievement of the offering provided by the project.
An effective communication strategy is key to the development of high quality freeport applications, good governance of the project, and work in synergy with other government and partnership schemes to enhance the offering.

This translates into the following communication objectives:

- **Achieving and sustaining results** - To raise awareness about the added value of cooperation for achieving the specific objectives and results sought.
- **High quality applications** - To raise awareness about the LCR Freeport and opportunities this will provide businesses within the Freeport in particular offering education material and presentations promoting the Tax and Customs incentives which increase the capacity for high quality applications and effective project implementation and thereby facilitate the development of viable project outputs.
- **Good governance** - To support efficient and effective governance of the programme in cooperation with its partners. To engage with the (potential) stakeholders of the Freeport to build a trust relationship with beneficiaries.
- **Coordination** - To coordinate with partners such as each local authority, The Department for International Trade, and funding instruments operating in the Liverpool City Region area, by informing them about the LCR Freeport and supported projects.

Figure 5.4 – Link between the communication strategy and stakeholder management.



5.4.2 Main target audiences

Potential CSOs and Tax Site applicants: To reach inward investors, multi sector businesses who are trading internationally, companies looking to enhance their offering and gain a competitive advantage.

Government Bodies: The Department for International Trade, HMRC, DLUHC, BEISS, FCDO, Department for Transport to continually update on local developments both freeport specific and in the wider combined authority context.

Financial Institutes: Major UK banks and Investment firms to exploit inward investment opportunities and foster robust relationships between clients and potential investors.
External audience: End users and the wider public: those making use of or potentially being impacted by project outputs and results.

Influencers/multipliers: Authorities and policy makers, match funding providers, politicians, third sector organisations, trade and industry, educational and research institutions, and press.

5.5 Stakeholder management

5.5.1 Stakeholder mapping

Stakeholders are crucial to the success of the LCR Freeport. A Stakeholder Engagement Plan is included with this FBC.

5.5.2 Key Stakeholders

Commercial demand for the LCR has been determined through consultations with key businesses across the LCR, both directly and through the Local Enterprise Partnership Sub Boards, in particular the Advanced Manufacturing "Making It" Board and the Health and Life Sciences Board. The automotive sector support centred on the opportunity tax sites may offer for new research and development capability and the opportunity to attract OEM suppliers challenged by 'Rules of Origin' requirements, in particular suppliers of batteries and electric drivetrains. Automotive businesses supporting the development of the LCR Freeport concept are Ford Motor Company, PSA (Vauxhall) and DHL.

The skills aspect of this FBC has received extensive input from the universities and further education colleges as well as the Independent Training Provider Network and Jobcentre Plus.

The level of support from Pharmaceuticals businesses depended on existing trade arrangements. Businesses undertaking transactional imports and exports or managing customs in the UK derive a clear benefit from customs sites. Teva and AstraZeneca have proposed customs sites. Other pharmaceutical businesses consulted included Elanco and Allergan.

The Ports and Maritime sector have been engaged in the Freeport consultations and many of the region's key transport and logistics infrastructure operators support the Freeport. These include: Peel Ports, Peel L&P, Mersey Freight Forwarding, Stobart Ports, Associated British Ports, Freightliner, Potters Logistics and Borchard Lines. The sector group Mersey Maritime support the Freeport. ACL, Denholm Logistics, Seatruck and Bibby have been consulted during the preparation of the FBC.

Other representative businesses supporting the Freeport include: BioNow, Northern Automotive Alliance, Chemical Industries Association, Road Haulage Association, Liverpool and Sefton Chamber, Knowsley Chamber, Wirral Chamber, Halton Chamber and St Helens Chamber. The Freeport is also supported by Liverpool University, Liverpool John Moores University, STFC, Manufacturing Technology Centre and the Connected Places Catapult.

Having revised the LCR Freeport stakeholder plan in August 2022, it is acknowledged that the next phase of stakeholder analysis continues to be further refining an understanding of how stakeholders will interact with each other, identifying areas of success, support and potential conflicts.

As the accountable body, Liverpool City Region Combined Authority either employ or communicate directly with all public stakeholders included within the plan and as such, there is regular engagement with all parties frequently updated on Freeport progress. Nationally, governmental organisations feed into both the CA and Freeport independently and information is shared accordingly by both the CA and Freeport as sub-branch.

Additionally, all local Chambers of Commerce have a direct relationship with both the Freeport via the designated Freeport Skills lead and to the Combined Authority via forums including the Local Skills and Employment Board. The Chambers also use this forum to speak directly to other skills / education providers in the City Region, including the Association of Colleges and the 4 major local universities.

Innovation and the associated research and development components of this strand have a number of initiatives all with multi-party collaboration. Whilst many of these initiatives have differing aims, objectives and measures of success it is crucial that we continue to shape any conversations around the 3 key pillars of Freeport activity and ensure that we successfully capture all outputs both positive and negative for the City Region and its progress.

Security remains a vital component of the Freeport model and an operational working group detailed in Annex B of the FBC identifies the list of key stakeholders all of whom speak directly to Freeport as well as sharing information where applicable under law to serve as an all informed network of operators within the region. A further working group is scheduled for October 22 and remains a biannual commitment to ensuring the safety and legality of the project.

Inward investment partners and allies have a huge stake in the success of LCR Freeport and a number of relationships continue to grow. More recently, Institute of Export & International Trade have begun to seek education partnerships with local universities and colleges as part of the Skills delivery to the city region. Here the LCR Freeport team should continue to support such an aspiration in order to upskill local residents and provide a more employable workforce for future business ventures in the area.

Where conflicts of interest arise, early engagement and communication will be vital to ensure such conflicts can be mitigated or mediated through a robust process including; avoiding direct involvement, reducing associated risks, disclosure of information surrounding the situation, and ensuring such information is captured in an auditable medium.

5.5.3 LCR Freeport Stakeholder Plan

This revised Stakeholder Plan (version 2) maps out how the LCR Governance Structure will be managed to enable the effective delivery of the LCR Freeport and recognises the crucial role partners and effective communications are in delivery of the LCR Freeport. Further stakeholder plans will be produced every 3 months.

The Governance structure above sets out the intended governance model for the LCR Freeport. The Stakeholder Plan below is colour coded to provide reference to the key groups and forums. The Stakeholder Management Plan is provided in Appendix U.

5.6 Plans for building local expertise

5.6.1 Overview of Tax Increment Finance expertise

The LCR benefits from significant prior experience of the establishment and management of Enterprise Zones both within the local authority teams and from advisors supporting the preparation of this FBC. Halton Borough Council currently manages a Tax Increment Finance Scheme and supports a public/private partnership with Langtree to deliver the objectives of Sci-tech Daresbury (https://www.sci-techdaresbury.com/). Wirral Borough Council has established a Tax Increment Finance scheme for Wirral Waters, working in partnership with landowner Peel Land and Property (https://www.wirralwaters.co.uk/). St Helens Council has started to prepare for the creation of the Tax Increment Finance scheme and will be supported by AMION Consulting throughout 2022 to put in place the necessary plans and agreements to establish the St Helens Freeport Investment Fund.

5.6.2 Skills

The LCR Freeport is supported directly by the LCR CA Policy Lead for Education and Skills. The LCR CA has coordinated input from all further education establishments across LCR, along with two universities - Liverpool John Moores University and University of Liverpool. The LCR Freeport will utilise the existing Skills for Growth Action Plans and prepare a Freeport Skills for Growth Action Plan to identify and utilise existing skills resource and identify skills gaps.

5.6.3 Innovation

Innovation work across LCR is coordinated and led by the LCR CA Lead Officer for Innovation and Commercialisation. The Innovation Governance model set out in Appendix K summarises the complex but organised relationships, partners and governing structures that combine to provide resource and expertise in support of the innovation aspects of the LCR Freeport.

5.6.4 Low carbon

The LCR Freeport Management Board and Management Team will be supported by the LCR CA Head of Low Carbon. There is significant capacity within the LCR innovation community to support this programme bringing the benefit of recent project and collaboration experience as well as world leading knowledge and expertise.

5.6.5 Capacity Building

LCR Freeport is committed to building capacity, knowledge and a common experience across the Freeport partners. A Community of Practice approach will be considered by the Freeport Management Board to ensure that there is efficient sharing of knowledge and information with LCR Freeport and to support knowledge exchange across the Freeports. FREN

Liverpool City Region Freeport

5.7 Milestones

5.7.1 Key milestones

Table 5.3 provides an overview of the key milestones relating to the period from FBC submission to April 2024.

Table 5.3 Key Milestones

Milestone	Date	Key Dependency / Notes
Freeport Board Established with Chair	14/4/2022	Met for first formal meeting on 11/4/22
FBC Submission	14/4/2022	Approval of OBC in January 2022
Gateway Policy	14/04/2022	Agreement across three tax Authorities in October and FMB
Partnership MOU	15/06/2022	Submission of FBC
Appointment of Freeport Management Team	15/08/2022	First 2 roles in place, 2 additional roles under development
Freeport Investment Strategy / Tax Site Delivery Plan	31/03/2022	Confirmation of TIF, complementary and induced investments by partners
Innovation, Skills and Low Carbon Programmes Operational / Established	15/04/2022	Appointment of key roles to start in August 2022, planning phase to October 2022.
Primary Customs Site Approved	15/05/2022	Approval by HMRC
Freeport Management Centre Strategy	30/09/2022	Location and costed programme for occupation agreed by FMB (Mann Island, LCR CA Offices interim)
Freeport Management Centre Occupation	01/04/2024	Agreement to Freeport Management Centre Strategy

5.8 Risk Management

5.8.1 Key Risks

The Freeport will adopt the LCRCA Risk Management Policy (September 2020) and apply the Risk Management / Assurance Process to identify, evaluate and address risks or opportunities and review and report on these risks and opportunities to a Freeport Risk Sub-Committee and/or the CA Risk Group.

Key risks to implementation include:

- **Customs Site Operator** – failure to attract an approved Customs Site Operator in an acceptable timeframe.
- **Staff Resource / Appropriate experience** – failure to attract the talent and skills to the remaining roles in the LCR Freeport Management Team and Board.
- **Political and Objectives** – failure to sufficiently demonstrate value for local people and deliver on LCR objectives for an inclusive economy. The investment proposals will be properly considered to ensure that their benefits are understood and communicated effectively. Essential to securing inclusive growth is ensuring local people from deprived parts of the City Region have the access to skills and training as well as physical transport connectivity to the Freeport tax sites in particular.

5.8.2 Managing security and operational risks

LCR Freeport has established a Security and Risk Sub Group to the LCR Freeport Board, coordinated by the Freeport Management Team. LCR Freeport recognises the need to establish a multi-agency approach across key security stakeholders to define, scope and agree the Security and Illicit Activity Risk Assessment (SIARA). The initial scope of the SIARA is outlined in Appendix B.

The Security and Risk Group met in April 2022 ahead of the FBC submission. The Group confirmed support and participation for a frequent review of security and illicit activities. The Group also confirmed that in their view, the Freeport designation did not present additional risks over and above what current arrangements might provide for. Merseyside Policy operate across functional departments and will continue to do so. Other forces in UK operate a 'community policing' model, treating the Freeport sites as a 'community' and deploy dedicated officer and PCSO support. This approach may be adopted in LCR if the evidence from other areas justifies the case.

The Security and Risk Group will meet ahead of the Freeport Board and provide an update relating to risks, illicit activity and particular risks facing the operation of the Freeport sites. The Freeport Board will undertake a annual formal audit of the risk assessment and ensure that the risk register is up-to-date and agreed with the Security and Risk Group.

The Freeport Board will expect and challenge customs sites to honour the obligations set out in the OECD Code of Conduct for Clean free Trade Zones and the UK's money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 and registering with a Government approved supervisory authority to follow anti-money laundering regulations.

Membership of the LCR Freeport Security and Risk Sub Group is agreed and will include:

- Merseyside Police, initially representing Cheshire and Greater Manchester forces but to be kept under review
- Border Force
- Port of Liverpool Police Force
- Liverpool and Manchester Port Security Authority (based at POL)
- Maritime Security and Safety Management / Maritime and Coastguard Agency (TBC)
- Wilson James Security (Liverpool John Lennon Airport)
- DFT, Home Office and National Crime Agency (as required)
- Other local Security Contractors or Site Representatives (as required)

5.8.3 Evidence of meeting security requirements

The LCR Freeport has established a Security and Risk Sub-Group, which includes key representatives from Merseyside Police, Port of Liverpool Police, UK Border Force and has been more recently expanded to include Joint Security and Resilience Centre (JSaRC). In consultation with this group it was agreed that the LCR Freeport did not present additional security and illicit activity risks. This has been confirmed alongside a revised Security and illicit activity risk assessment and is set to be ratified by all parties in October 2022. In a follow up discussion with the FBC Appraisal Team with responsibility for this area, it was suggested by Merseyside Police that they would consider removing Freeport from their Risk Register as no additional risks had arising since the establishment of the policy. This was confirmed by Chief Superintendent Jonathan Davies.

LCR Freeport is committed to ensuring that Security and Risk is managed in light of how the policy might evolve and in terms of how working practices in relation to trade and activity across customs sites is managed. To satisfy the LCR Freeport Board requirements to maintain a watching brief in this area, the LCR Freeport Director has appointed a designated LCR Freeport security lead who will coordinate a meeting of the LCR Freeport Security and Risk Sub Group on a six monthly basis and report any changes to the LCR Freeport Risk Register to the Board. The lead for security, Jonathan Coleman, has 6 years' experience as a Commissioned Officer in the Royal Military Police, more recently employed as Operations Officer for Special Investigation Branch (SIB) and will be a pivotal tool in maintaining oversight alongside key security stakeholders.

The Freeport Board is responsible for the evaluation of Security and Risks and delegated the coordination of the Security and Risk Sub-Group to the LCR Freeport Skills lead. In response to the Specific Actions:

- A follow up meeting was organised so the April Sub Group discussion could be relayed directly. The removal of Freeport from risk register is expected to be confirmed by Merseyside Police in the October Security Sub-Group meeting.

- A 6-monthly Security and Risk Sub-Group headed by former RMP Captain Jonathan Coleman (MA International Relations and Security) will continue to monitor and evaluate potential security risk elements of LCR Freeport activity and shifting trends in criminal activity where relevant. This group comprises of Merseyside Police, Port of Liverpool Police, Border Force and more recently JSaRC. This group is considered inclusive rather than exclusive and where applicable key security stakeholders may be approached for consultation or informative action in order to deliver a successful security and risk mitigation campaign. Site security on any given Tax Site (or 'Investment Zone') / Customs Site will be the responsibility of the given operator or business and will be reviewed during the aforementioned group to ensure they remain suitably informed of potential risks and remain compliant with all relevant legislation and policy as such aspects continue to evolve. Due to the stringent nature of the HMRC led AEO(S) and CSO criteria and subsequent process, this provides a key filtering metric by which any potential 'bad actors / agents' would not prove eligible for inclusion within the Freeport model and the associated suite of benefits contained therein.
- An updated letter from Wynne Aviation was distributed to DLUHC on 27th July 2022 and provides sufficient detail to satisfy the necessary queries and concerns.
- The management of risks within the Port is the responsibility of the Port of Liverpool Police. The consideration of International Security and Port Facility Security Code and wider site wide risk management is coordinated routinely by the Port Police Authority. The Authority has offered to provide any such guidance or information as required and is prepared to offer a site visit to explain working practices.

5.8.4 Key Security Issues Identified

CBRN

The lead agency for all Chemical, Biological, Radiological and Nuclear threat analysis and mitigation is Special Branch supported in principle (and to varying degrees) by Merseyside Police, Counter Terrorism Police, Civil Nuclear Constabulary, Homeland Security, National Crime Agency, HMRC, Port Security, Department for Transport, Liverpool City Region Combined Authority.

A vulnerability assessment has been conducted and has identified the following assets at greatest risk of malicious activity;

Buildings – All associated Freeport industrial assets both in Port of Liverpool and wider CSO / Tax & Investment Zone sites.

Vessels / Vehicles – All related freight vehicles including Ships, load carrying vehicles, trains, planes and automobiles.

Users and Staff – Any associated personnel operating within the geographic boundaries of the Freeport and its associated sites and premises.

This assessment has been deduced upon a number of factors, including but not exhaustive of a reliance on intelligence led information, opportunities to conceal or disguise harmful agents under the auspice of legitimate consignments, the scale and geography of the Freeport boundaries and a limited search capability.

However, a host of mitigation controls and measures remain in place to ensure such a threat poses only a 'Low' risk score.

Firstly, ISPS regulations prescribe significant responsibilities to governments, shipping companies, shipboard personnel and port / facility personnel who in turn will provide preventative measures and detect early warning signs of any illicit activity predominantly in the key maritime sites associated to LCR Freeport. Such preventative measures include but are not exhaustive of;

- Gathering and assessing key intelligence and information
- Maintaining communication protocols
- Provision of means to raise alarm or concern
- Vessel and Port Security Plans
- Training and Drills

Secondly, access controls at all relevant sites ensure that key borders or areas of interest are sufficiently secure be that via staffed security check points at key border, port sites etc. and / or electronic gates / turnstiles designed to allow access only to authorised personnel. Furthermore, sites will be required to evidence adequate perimeter security i.e. fencing to satisfy both ISPS legislative requirements and HMRC scrutiny of AEO(S) / CSO applications. Where appropriate perimeter security will be enhanced through regular overt and covert patrols to further deter or identify breaches of such sites.

Thirdly, intelligence led operations will continue to be adopted by key security agencies and is further galvanised by the sitting of the bi-annual of the Security and Risk Sub-Group. This multi-agency approach is key to ensuring that intelligence is shared amongst partner agencies and that such networks can be alerted if / when an incident is raised or identified. This also fuels the ongoing Lessons Learned (L2) process for all such agencies in order to improve security and risk mitigation practice on future operations.

Finally, the Port of Liverpool is subject to additional byelaws (Port of Liverpool General Byelaws 2021) which further mitigate by providing clear responsibilities for security officials etc.

Terrorist Attack
The lead agency for all Terrorism threat analysis and mitigation is Special Branch supported in principle (and to varying degrees) by Merseyside Police, Counter Terrorism Police, Homeland Security, National Crime Agency, HMRC, Port Security, Department for Transport, Liverpool City Region Combined Authority.
A vulnerability assessment has been conducted and has identified that similar assets as those identified in serial 1 are at greatest potential vulnerability. Equally it is assessed that a similar set of mitigation measures ensure such a threat currently ranks as 'Low' on the Security and Illicit Activity Assessment.
Of note, terrorism and the associated malicious activity contained within this threat can be the sole modus operandi of a lone actor and as such it is the 'Access Controls' measures adopted by each site or security agency that best reduce an opportunity for any such actors to enter the relevant boundaries of the Freeport and associated premises in the first instance.
As described in serial 1, a multi-agency approach to intelligence gathering and sharing is key to effectively preventing such incidents.

Public Order and Domestic Extremism

The lead agency for all Public Order and Domestic Extremism threat analysis and mitigation is Merseyside Police supported in principle (and to varying degrees) by Special Branch, Police, Counter Terrorism Police, Homeland Security, National Crime Agency, HMRC, Port Security, Department for Transport, Liverpool City Region Combined Authority.

Whilst mitigation measures reduce the risk and impact of such activity in associated LCR Freeport sites and premises, the political nature of the programme and the current socio-economic climate determine that such a Residual Risk should be considered as 'Medium'.

Access controls ensure that any public gatherings, demonstrations, marches, rallies etc. cannot breach secure areas in the first instance. Additionally, an increased visible security agency presence during any organised strike activity, demonstrations etc. should be encouraged so long as such a presence showcases an empathetic response to any lawful means of associated activity. This can be further bolstered by an overt police presence where required to ensure effective command and control of crowd trouble.

Electronic / Cyber Attack

The lead agency for all Electronic / Cyber threat analysis and mitigation is Counter Terrorism Police supported in principle (and to varying degrees) by GCHQ, Merseyside Police, Special Branch, Police, Counter Terrorism Police, Homeland Security, National Crime Agency, HMRC, Port Security, Department for Transport, Liverpool City Region Combined Authority.

The most vulnerable aspect in this respect is the individual IT systems or networks utilised by Freeport operators or individual businesses and should be mitigated by an adequate IT security policy. This is examined thoroughly during the AEO(S) / CSO approval process and includes questions such as:

- how long data is saved in the production system and how long this data is archived
- if the business has a contingency plan for IT system disruption or failure
- the type of media and software format a business uses to store data
- does the business compress the data and at what stage
- does the business use a third party – the arrangements, frequency and location of any backup and archived information
- description of the actions a business has taken have taken to protect computer systems from unauthorised intrusion should include:
- any intrusion testing that has been carried out
- has the business had any IT security incidents in the last year
- an updated safety plan describing the measures in place to protect computer systems from unauthorised access, deliberate destruction of information or loss of information

- details of whether the business operates more than one system at more than one site and how they are controlled
- who is responsible for the protection and running of computer systems – this should be more than one person so that they can monitor each other's actions
- details of firewalls, anti-virus and other malware protection
- a business continuity or disaster recovery plan in case of incidents
- backup routines including restoring all relevant programmes and data if there is a breakdown of the system
- logs that record all actions of each user
- whether the vulnerability management of the system is done periodically and who does it
- how access rights for the computer systems are issued – access to sensitive information should be limited to staff who are authorised to change or add to it
- who is responsible for the running and protection of the computer system
- guidelines or internal instructions for IT security for your personnel
- how a business monitors that IT security measures are followed
- how a business issues authorisation for access and the level of access given
- who issues passwords, the format for setting them and the frequency of changes
- maintenance, updating and removal of user details
- details of where the main server is located and how it is secured.

Premises and Buildings

The lead agency for analysis and mitigation of threat to infrastructure and real estate is Merseyside Police supported in principle (and to varying degrees) by ABP, Mitie (Port Security) and other such security providers.

Whilst a business may have limited security options available due to the disparate nature of the Freeport geography, a series of mitigation measures ensure that this aspect remains 'Low' on the Security and Illicit Activity Risk Assessment.

ISPS legislation codifies a requirement to sufficiently secure ports and critical assets contained within. Inherent to this is the adoption of a robust Port Facility Storage Plan which seeks to ensure the application of measures designed to protect the port facility and ships, persons, cargo, cargo transport units and ship's stores from risks of a security incident.

Access controls at all relevant sites ensures that key borders or areas of interest are sufficiently secure be that via staffed security check points at key border, port sites etc. and / or electronic gates / turnstiles designed to allow access only to authorised personnel. Furthermore, sites will be required to evidence adequate perimeter security i.e. fencing to satisfy both ISPS legislative requirements and HMRC scrutiny of AEO(S) / CSO applications. Where appropriate perimeter security will be enhanced through regular overt and covert patrols to further deter or identify breaches of such sites.

CCTV can be used in accordance with RIPA 2000 legislation to ensure site security can be monitored both on site or externally through private security contract.

Sabotage

The lead agency for response to acts of industrial sabotage and mitigation is Merseyside Police supported in principle (and to varying degrees) by ABP, Mitie (Port Security) and other such security providers.

Whilst assets may appear vulnerable due to close proximity to residential areas and limited security options available due to the disparate nature of the Freeport geography, the mitigation measures provided by key stakeholders and authorities ensure that this aspect remains 'Low' on the Security and Illicit Activity Risk Assessment.

As previously discussed, ISPS and PFSP provide a detailed account of how sites will best manage critical assets. Furthermore, such critical assets will form a key component of any security patrols, checks and site assurances to deter any possible activity and provide early warning indicators of tampering etc.

Access controls and CCTV provide additional deterrents to opportunistic criminals and as such further mitigate against potential acts of sabotage. By restricting access only to those authorised sites can ensure only vetted personnel gain access to critical assets and therefore reduce the risk significantly.

Additionally the vetting of personnel is a vital tool to ensure that all meet the necessary requirements of the role and the structure of the organisation be that DBS, SC, DV, STRAP, TS etc.

Arson

The lead agency for all Arson threat analysis and mitigation is Merseyside Police supported in principle (and to varying degrees) by ABP, Mitie (Port Security) and other such security providers.
Of significant vulnerability in this respect are buildings, infrastructure, plant and equipment. Due to the potential for such sites to contain volatile chemical compounds the risk of fire is amplified greatly. Due to a number of sites identified as subject to Control of Major Accident Hazards (COMAH) regulations the impact of this threat is recognised as 'Medium'.

The purpose of the COMAH Regulations is to prevent major accidents involving dangerous substances and limit the consequences to people and the environment of any accidents which do occur. Organisations subject to COMAH are those which manufacture or store dangerous chemicals (including petrochemicals, pharmaceuticals and agrochemicals) and explosives in excess of threshold quantities specified in the Regulations.
Schedule 1 of the legislation outlines a requirement to includes the names of dangerous substances and categories present or likely to be present on sites and it is the responsibility of the operator to provide a relevant series of mitigation measures such as:

- appropriate plant design
- process control
- emergency procedures

The regulations are enforced by a Competent Authority which comprises jointly the Health and Safety Executive in GB and the relevant environment agency (the Environment Agency in England, Scottish Environment Protection Agency in Scotland and Natural Resources Body for Wales in Wales). Nuclear establishments are regulated by the Office for Nuclear Regulation and the relevant environment agency.

Personal Security

The lead agency for all Personal Security threat analysis and mitigation is Merseyside Police supported in principle (and to varying degrees) by ABP, Mitie (Port Security) and other such security providers.

The geographic disparity and the varying nature of business and operations on sites means that as a multi-user port, both employees and visitors could be vulnerable. Risk to such individuals is reduced greatly by the regulatory measures expressed in ISPS and recommendations of PFSP and are further negated through active security patrols, aforementioned access control measures and the close monitoring of CCTV where applicable.

Additionally, staff are vetted according to role and this ensures that only those deemed suitable by a relevant vetting process will be offered employment and access to secure sites / critical assets therein.

Personnel (Recruitment)

The lead agency for any response to illicit Personnel (Recruitment) incidents is Merseyside Police supported in principle (and to varying degrees) by ABP, Mitie (Port Security) and other such security providers.

Whilst vetting procedures go a long way to determining any previous criminal convictions and / or extreme political ideologies, this does not necessarily reflect the current 'state of play' for a new employee.

The onboarding process and probationary periods common to new employment contracts offer a further opportunity for employers and security staff to ensure that personnel pose no threat to either themselves or the business, assets and premises contained within the Freeport.

Theft

The lead agency for all Theft threat analysis and mitigation is Merseyside Police supported in principle (and to varying degrees) by ABP, Mitie (Port Security) and other such security providers.
As a multi user port with close proximity to residential areas this is the only risk which is deemed 'High'. Theft is often opportunistic and its impact can grow exponentially depending on both the financial value of the stolen article or its importance in the operational model of a business. As

such plant and equipment, cargo, stores and other critical assets should be itemised and checked on a regular basis in line with consignee requirements for cargo and stores and security measures in line with key infrastructure.

Furthermore, active patrolling, CCTV and aforementioned access control measures are vital in reducing such opportunities from the outset in addition to enabling authorities to identify culprits.

Fraud and Money Laundering

The lead agency for all Fraud and Money Laundering threat analysis and mitigation is Merseyside Police supported in principle (and to varying degrees) by Counter Terrorism Police, Homeland Security, National Crime Agency, HMRC, Port Security, Department for Transport, Liverpool City Region Combined Authority.

The structure of LCR Freeport means that this aspect of potential criminal activity has two separate strands pertaining to both private and public sector bodies respectively.

In the private sector, Section 7 of the Bribery Act 2010 stipulates that a relevant commercial organisation can be criminally liable for failure to prevent bribery. As such, commercial organisations should assess the nature and extent of internal risks of bribery. This can form part of a wider business risk assessment / register or if the nature of the business dictates this could from a standalone bribery risk assessment / register. This forms one of the key principles of bribery mitigation, others include:

- Proportionate procedures
- Top-Level commitment
- Due Diligence
- Communication (Including Training)
- Monitoring and Review

In the public sector, those within Liverpool City Region Combined Authority are bound by law to adhere to anti-bribery policy in line with roles as public officials. As part of the onboarding process and subsequently yearly policy renewals employees must read and accept a number of policies including:

- Anti - Bribery Protocol
- Anti - Money Laundering Protocol
- Fraud, Bribery and Corruption Protocol
- Surveillance Protocol
- Investigation Protocol

Tax Evasion

The lead agency for all Tax Evasion threat analysis and mitigation is HMRC supported in principle Merseyside Police, Homeland Security, National Crime Agency, Port Security, Department for Transport, Liverpool City Region Combined Authority and DWP.

Tax evasion is deemed as low risk largely due to the stringent nature of the HMRC led CSO / AEO(S) application processes. The level of scrutiny contained therein makes it difficult for a 'bad agent' to operate a business criminally and as such deters any such activity.

Additionally, internal HR processes at businesses and authorities ensure that individual agents cannot subversively benefit from financial gain due to omitting the payment of relevant taxations.

Insider Threat

The lead agency for all Insider Threat analysis and mitigation is ABP supported in principle (and to varying degrees) by Merseyside Police, Port of Liverpool Police, Counter Terrorism Police, Homeland Security, National Crime Agency, HMRC, Port Security, Department for Transport, Liverpool City Region Combined Authority.

The opportunity for compromise of a business due to commercial or operational leaks is currently identified as of 'Medium' risk.

A number of mitigation measures similar to those detailed in serials 8 / 9 are adopted by all businesses to ensure that a degree of vetting takes place during the recruitment of personnel. Similarly policies during any onboarding process and annual validation ensure that personnel understand both the consequences and early warning signs of such activity. Such policy also contains details on where to raise concerns and whistleblowing protocols.

Illegal, Prohibited and Restricted Items

The lead agency for all mitigation against illicit activity pertaining to Illegal, Prohibited and Restricted Items is UK Border Force supported in principle (and to varying degrees) by Merseyside Police, Port of Liverpool Police, Counter Terrorism Police, Homeland Security, National Crime Agency, HMRC, Port Security, Department for Transport, Liverpool City Region Combined Authority.

This threat is deemed as 'low'. The Freeport model ensures that cargo is still devanned during its disembarkation / storage process and is therefore accounted for both at point of origin and arrival. The consignor and consignee remain responsible for the goods contained therein which provides an additional level of authority to ensuring only goods authorised to enter relevant customs sites / freeport zone and other relevant storage facilities are sent and received. Further recommendations form a key component of ISPS regulation and as such are a mandated feature of the Freeport operational model where applicable.

Trade in Counterfeits

The lead agency for all mitigation against illegal trade of counterfeit goods is UK Border Force supported in principle (and to varying degrees) by Merseyside Police, Port of Liverpool Police, Counter Terrorism Police, Homeland Security, National Crime Agency, HMRC, Port Security, Department for Transport, Liverpool City Region Combined Authority, Trading Standards Agency.

Whilst the illegal trade of counterfeit goods may not pose a threat to life or property, this should still be taken seriously due to the significant financial impact it can have on affected businesses and the wider implications of tax avoidance on such goods.

The AEO(S) and CSO processes ensure that only 'trusted traders' operate under the Freeport and as such negate the opportunity for rogue or bad actors to take advantage of simplified customs procedures.

Human Trafficking

The lead agency for all Human Trafficking threat analysis and mitigation is UK Border Force supported in principle (and to varying degrees) by Merseyside Police, Port of Liverpool Police, Counter Terrorism Police, Homeland Security, National Crime Agency, HMRC, Port Security, Department for Transport, Liverpool City Region Combined Authority.

Additionally, INTERPOL, EUROPOL and FRONTEX all play a huge role in intelligence gathering and combatting such activity and should be consulted if ever there exists concerns.

Whilst the threat of human trafficking is assessed as 'Low' this should not dissuade a multi-agency approach to intelligence sharing and security activity. Ports or associated sites remain vulnerable where vehicles are unchecked and the impact of any related activity can be absolutely catastrophic, posing significant risk to those directly involved and the further impact placed on relevant agencies should such activity prove successful.

The processes described in serial 15 ensure that all containers, freight and goods brought into sites are devanned upon arrival and as such this reduces the opportunity to conduct illegal human trafficking operations given the likelihood of such operations failing.

5.9 Monitoring and Evaluation

The monitoring of the Freeport will be managed by the Freeport Director. In addition to the publication of quarterly management and annual reports, an evaluation of the Freeport will be commissioned independently. This will cover the first five years of operation and be delivered through an interim evaluation in 2023 and full evaluation in 2026 – to report on the impacts associated with the various support measures being delivered (e.g. NIC, SDLT, Business Rates).
A detailed monitoring and evaluation framework will be developed as part of the detailed business plan, using the logic model as the basis for understanding what data/indicators will be used to quantify:

- inputs and activities (e.g. businesses benefiting from tax reliefs and allowances and their value; funding levered to support innovation);
- outputs (e.g. businesses trading through the Freeport and the volume and value of this trade; ha land remediated or commercial space created); and
- outcomes and impacts arising (e.g. jobs; wages; productivity; and private sector investment secured).

The framework will describe the sources and methods used to collate the information (e.g. surveys; local authority data; bespoke monitoring returns; secondary administrative data); roles and responsibilities; and associated frequency/timescales.

It is envisaged that the management team will oversee the monitoring information (inputs; activities; outputs) while the external evaluator will focus on outcomes/impacts. A baseline assessment will be carried out prior to the implementation of the Freeport to assist in attributing benefits and assessing the additionality of the interventions delivered.

6. Conclusion

Overall, this business case has demonstrated that, in line with the HMT Five-Cases approach, the proposed delivery of the LCR Freeport led by LCR CA is supported by a robust strategic case, offers value for money, is feasible and can be delivered successfully.

Robust management arrangements are planned and the overall additional economic benefits from the Freeport are projected to be substantial, involving a projected 10,628 gross additional jobs and some £1.3bn additional GVA over the lifetime of the project.

Consequently, the Freeport Management Board and its accountable body Liverpool City Region Combined Authority request approval for freeport designation on the basis of this FBC.

Appendices

A – Logic Model
B – Security and illicit Activity Risk Assessment
C – Project Plan
D – Risk register
E – Tax and customs site maps; locations of seed capital, and wider supporting investments
F – Letters / Internal Approvals from St Helens, Wirral and Halton Councils
G – SWOT of Strategic Case
H – Customs Letters
I - Assumptions, references and method for VfM
J – Governance documents
K – Trade and Investment Strategy
L – LCR Freeport Innovation Strategy
M – Assumptions and methodology for retained business rates modelling
N – LCR Freeport Skills Plan
O – LCR Freeport Equalities Impact Assessment
P – Net Zero Framework
Q – Tax Site Delivery Plan
R – Tax Site Social Value Approach
S – Tax site rationale
T – Target markets
U – Stakeholder map

Liverpool City Region Freeport

A – Logic Model

Liverpool City Region Freeport

Logic Model

Golden thread: To deliver additional Port focused Zero Carbon growth in key traded sectors (automotives, bio-manufacturing and chemicals, Maritime, clean energy and logistics) and deliver sustainable inclusive regeneration and innovation

Rationale: There is a strong maritime sector with national and global expertise in the ports industry, marine engineering, leisure marine and maritime financial and professional services. The Port of Liverpool is of national significance, can handle post-panamax sized vessels and is strategically located on the west coast, ideally positioned for an enhanced role in global trade and logistics and with excellent connections to major population centres and the UK's strategic transport infrastructure network. The Port of Liverpool has seen significant recent growth and investment; however, this has not been sufficient to address the long-term underperformance of the LCR economy. Despite recent improvements, the proportion of people in employment, and the proportion of workers with higher-level skills, are both lower than the national average, and the productivity gap (difference in GVA per filled job) has widened in recent years. LCR is the most deprived area in the country and the sites selected to be part of the Freeport are adjacent to some of the most deprived neighbourhoods in Wirral, St Helens and Halton. Additional investment is required to bring forward these sites, ensure that local people are able to benefit from the high quality, inclusive jobs created, and address the negative externalities of growth through low carbon innovation.

Aims and Objectives

- 1 – Establish a hub for global trade and investment in Liverpool City Region
- 2 – Deliver local regeneration, levelling up and inclusive quality jobs to communities of need
- 3 – Create a hotbed of innovation
- 4 – Deliver the Net Zero Ambition

Inputs and Resources

- £25m Seed Investment Funding
- £1m revenue funding
- Tax incentives / reliefs: National Insurance Contribution, Stamp Duty Land Tax, Enhanced Structures and Buildings Allowance, Enhanced Capital Allowances
- Customs support
- Planning support
- Expertise of Freeport Management Board and Team
- Public and Private Sector Match / co-investment

Activities

- Infrastructure works / development at key sites
- LCR Freeport Skills Prospectus + Delivery Plan
- LCR Freeport Innovation Strategy + Delivery Plan
- Trade investment and promotion
- Use of retained business rates to support inclusive growth, regeneration and innovation

Outputs

- Tax sites additional development at Wirral Waters, Parkside and 3MG
- Customs sites – additional activity promoted
- Potential efficient logistics platform developed - Subject to review
- LCR Freeport Skills Academy – additional training
- LCR Freeport Innovation Hub – additional innovation/R*D
- Freeport Management Centre

Outcomes

Short-term

- New infrastructure opening up Tax sites
- Increased investment in low carbon automotive; bio-manufacturing and chemicals; food and drink; nuclear sectors
- Foreign Direct Investment attracted
- Anchor tenants attracted to key development sites
- Growing levels of international trade

Intermediate

- 310ha land unlocked for redevelopment adjacent to deprived communities
- 841,620 sqm gross employment floorspace developed
- £150m total investment over 10 years
- 8,370 direct net additional FTE jobs
- £379.2m net additional GVA per annum and increased productivity
- Current unemployment reduced by circa 30% in the most deprived area in England

Long-term

- The Port of Liverpool is a national hub for global trade and investment, attracting investment in value-added processes across LCR. Strategic employment sites have been re-developed, creating thousands of high quality, inclusive jobs, with skills pathways in place to ensure access for local people. Low carbon innovation has addressed the negative aspects of growth.

Assumptions:
- Continued Government support for Freeport tax incentives and reliefs
- Pipeline of public and private investments for the Freeport area delivered as currently planned

External Factors:
- Post EU trading environment
- Post Covid economic recovery and global trading environment
- UK Government net zero commitments

AMION CONSULTING LIVERPOOL CITY REGION COMBINED AUTHORITY METRO MAYOR LIVERPOOL CITY REGION

B – Security and illicit activity risk assessment

The Security and Risk Sub Group will keep an overview of risks arising from the operations of the Freeport and make recommendations to the Freeport Board, who maintain responsible for the ongoing audit and evaluation of security and illicit activity risks.

Ref	THREAT (Def. of threat)	LEAD AGENCY	SUPPORT AGENCIES	Likelihood	Impact: Safety (human)	Impact: Security (infrastructure)	Impact: Financial	Impact: Reputation	Impact: Overall	Inherent THREAT Red Amber Green	VULNERABILITY ASSESSMENT	MITIGATING CONTROLS EMBEDDED MONITORS/ EARLY WARNING INDICATORS	VULNERABILITY	RESIDUAL RISK Red Amber Green
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
National Security														

1	CBRN: The malicious use of Chemical, Biological, Radiological and Nuclear materials or weapons with the intention to cause significant harm or disruption	Special Branch	Uniformed Police CT Police CA DfT Homeland Security HMRC Port Security Border Force	1	5	5	5	4	5	5	Key assets - Buildings - All associated Freeport industrial assets both in Port of Liverpool and wider CSO / Tax & Investment Zone sites - Vessels/vehicles - All related freight vehicles including Ships, load carrying vehicles, trains, planes and automobiles. - Users and staff - Any associated personnel operating within the geographic boundaries of the Freeport and its associated sites and premises. Vulnerabilities - Reliant on intelligence led information - Items concealed/disguised within legitimate consignments - Limited manifest/consignment data. - Limited physical security measures due to geography of locality. - Limited search capability	Mitigating controls ISPS regulations and Committee in place • Gathering and assessing key intelligence and information • Maintaining communication protocols • Provision of means to raise alarm or concern • Vessel and Port Security Plans •Training and Drills Access controls Ensure that key borders or areas of interest are sufficiently secure be that via staffed security check points at key border, port sites etc. and / or electronic gates / turnstiles designed to allow access only to authorised personnel. Furthermore, sites will be required to evidence adequate perimeter security i.e. fencing to satisfy both ISPS legislative requirements and HMRC scrutiny of AEO(S) / CSO applications. Regular intelligence checks on staff / visitors at Freeports Close working relationship with partner agencies Partnership working and access to multi agency Intel Specialist training for LEA officers deployed at Freeport Byelaws and police stop and search powers Port of Liverpool General Byelaws 2021 provide clear responsibilities for security officials etc Regular visible patrols	0.5	2.5

												Where appropriate perimeter security will be enhanced through regular overt and covert patrols to further deter or identify breaches of such sites and inform the actions below. Network alerting Intelligence warnings Reports of hostile reconnaissance		
2	Terrorist Attack	Special Branch	Uniformed Police CT Police CA DfT Homeland Security HMRC Port Security Border Force	1	5	5	5	4	5	5	Key assets - Buildings - All associated Freeport industrial assets both in Port of Liverpool and wider CSO / Tax & Investment Zone sites - Vessels/vehicles - All related freight vehicles including Ships, load carrying vehicles, trains, planes and automobiles. - Users and staff - Any associated personnel operating within the geographic boundaries of the Freeport and its associated sites and premises. Vulnerabilities - Reliant on intelligence led information - Items concealed/disguised within legitimate consignments - Limited	Mitigating controls ISPS regulations and Committee in place • Gathering and assessing key intelligence and information • Maintaining communication protocols • Provision of means to raise alarm or concern • Vessel and Port Security Plans •Training and Drills Access controls Ensure that key borders or areas of interest are sufficiently secure be that via staffed security check points at key border, port sites etc. and / or electronic gates / turnstiles designed to allow access only to authorised personnel. Furthermore, sites will	0.5	2.5

											manifest/consignment data. - Limited physical security measures due to geography of locality. - Limited search capability	be required to evidence adequate perimeter security i.e. fencing to satisfy both ISPS legislative requirements and HMRC scrutiny of AEO(S) / CSO applications. Terrorism and the associated malicious activity contained within this threat can be the sole modus operandi of a lone actor and as such it is the 'Access Controls' measures adopted by each site or security agency that best reduce an opportunity for any such actors to enter the relevant boundaries of the Freeport and associated premises in the first instance. Regular intelligence checks on staff / visitors at Freeports Close working relationship with partner agencies Partnership working and access to multi agency Intel Byelaws and stop and search powers Port of Liverpool General Byelaws 2021 provide clear responsibilities for security officials etc Regular visible patrols Where appropriate perimeter security will be enhanced through regular overt and covert patrols to further deter or identify breaches of such sites and inform the actions below. Network alerting Intelligence warnings Reports of hostile reconnaissance		

3	Public Disorder & Domestic Extremism	Uniformed Police	Special Branch CT Police CA DfT Homeland Security HMRC Port Security	2	3	4	4	4	4	8	Key assets - Buildings - All associated Freeport industrial assets both in Port of Liverpool and wider CSO / Tax & Investment Zone sites - Vessels/vehicles - All related freight vehicles including Ships, load carrying vehicles, trains, planes and automobiles. - Users and staff - Any associated personnel operating within the geographic boundaries of the Freeport and its associated sites and premises. Vulnerabilities - Reputation Reliant on intelligence led information - Items concealed/disguised within legitimate consignments - Limited manifest/consignment data. - Limited physical security measures due to geography of locality. - Limited search capability	Mitigating controls ISPS regulations and Committee in place • Gathering and assessing key intelligence and information • Maintaining communication protocols • Provision of means to raise alarm or concern • Vessel and Port Security Plans •Training and Drills Access controls Ensure that key borders or areas of interest are sufficiently secure be that via staffed security check points at key border, port sites etc. and / or electronic gates / turnstiles designed to allow access only to authorised personnel. Furthermore, sites will be required to evidence adequate perimeter security i.e. fencing to satisfy both ISPS legislative requirements and HMRC scrutiny of AEO(S) / CSO applications. Regular intelligence checks on staff / visitors at Freeports Close working relationship with partner agencies Partnership working and access to multi agency Intel Specialist training for LEA officers deployed at Freeport Byelaws and stop and search powers Port of Liverpool General Byelaws 2021 provide clear responsibilities for security officials etc Regular visible patrols	0.5	4

												An increased visible security agency presence during any organised strike activity, demonstrations etc. should be encouraged so long as such a presence showcases an empathetic response to any lawful means of associated activity. This approach will aid in informing the actions below. Network alerting Intelligence warnings Reports of hostile reconnaissance CCTV Site security can be monitored both on site or externally through private security contract. Additional deterrent.		
4	Electronic/Cyber attack	National Cyber Crime Unit	Uniformed Police CT Police CA DfT Homeland Security HMRC Port Security	2	1	1	3	3	2	4	Key assets - IT systems - The most vulnerable aspect in this respect is the individual IT systems or networks utilised by Freeport operators or individual businesses and should be mitigated by an adequate IT security policy. Vulnerabilities - Multi System failure impacting business continuity	Mitigating controls AEO(S) / CSO approval process includes questions such as: • how long data is saved in the production system and how long this data is archived • if the business has a contingency plan for IT system disruption or failure • the type of media and software format a business uses to store data • does the business compress the data and at what stage	0.5	2

											• does the business use a third party – the arrangements, frequency and location of any backup and archived information • description of the actions a business has taken have taken to protect computer systems from unauthorised intrusion should include: • any intrusion testing that has been carried out • has the business had any IT security incidents in the last year • an updated safety plan describing the measures in place to protect computer systems from unauthorised access, deliberate destruction of information or loss of information • details of whether the business operates more than one system at more than one site and how they are controlled • who is responsible for the protection and running of computer systems – this should be more than one person so that they can monitor each other's actions • details of firewalls, anti-virus and other malware protection • a business continuity or disaster recovery plan in case of incidents • backup routines including restoring all relevant programmes and data if there is a breakdown of the system		

												• logs that record all actions of each user • whether the vulnerability management of the system is done periodically and who does it • how access rights for the computer systems are issued – access to sensitive information should be limited to staff who are authorised to change or add to it • who is responsible for the running and protection of the computer system • guidelines or internal instructions for IT security for your personnel • how a business monitors that IT security measures are followed • how a business issues authorisation for access and the level of access given • who issues passwords, the format for setting them and the frequency of changes • maintenance, updating and removal of user details • details of where the main server is located and how it is secured. The above ensures: IT security firewalls and authorised users only Vetting of users. User Policies		

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Property and Personal Security														
5	Premises and buildings	Uniformed Police	ABP Mitie (Port security contractor) Uniformed Police Port Security	2	1	5	3	2	3	6	Key assets - Buildings - All associated Freeport industrial assets both in Port of Liverpool and wider CSO / Tax & Investment Zone sites Vulnerabilities - Limited physical security measures due to geography of locality. - Limited search capability	Mitigating controls ISPS / PFSP Legislation codifies a requirement to sufficiently secure ports and critical assets contained within. Inherent to this is the adoption of a robust Port Facility Storage Plan which seeks to ensure the application of measures designed to protect the port facility and ships, persons, cargo, cargo transport units and ship's stores from risks of a security incident. Access control ensures that key borders or areas of interest are sufficiently secure be that via staffed security check points at key border, port sites etc. and / or electronic gates / turnstiles designed to allow access only to authorised personnel. Furthermore, sites will be required to evidence adequate perimeter security i.e. fencing to satisfy both ISPS legislative requirements and HMRC scrutiny of AEO(S) / CSO applications CCTV Site security can be monitored both on site or externally through private security contract. Additional deterrent. Security Patrols An increased visible security agency presence during any organised strike activity, demonstrations etc. should be encouraged so long as such a	0.25	1.5

												presence showcases an empathetic response to any lawful means of associated activity. This approach will aid in informing the actions below. Network alerting Intelligence warnings Reports of hostile reconnaissance		
6	Sabotage	Uniformed Police	ABP Mitie (Port security contractor) Uniformed Police Port Security	2	1	4	3	2	3	6	Key assets - Buildings - All associated Freeport industrial assets both in Port of Liverpool and wider CSO / Tax & Investment Zone sites infrastructure (Lock gates)) - Plant and equipment – All machinery and operational materials contained within Freeport associated sites. Vulnerabilities - Close proximity to residential area - Limited physical security measures - Limited search capability	Mitigating controls ISPS / PFSP Legislation codifies a requirement to sufficiently secure ports and critical assets contained within. Inherent to this is the adoption of a robust Port Facility Storage Plan which seeks to ensure the application of measures designed to protect the port facility and ships, persons, cargo, cargo transport units and ship's stores from risks of a security incident. Access control ensures that key borders or areas of interest are sufficiently secure be that via staffed security check points at key border, port sites etc. and / or electronic gates / turnstiles designed to allow access only to authorised personnel. Furthermore, sites will be required to evidence adequate perimeter security i.e. fencing to satisfy both ISPS legislative requirements and HMRC scrutiny of AEO(S) / CSO applications CCTV	0.5	3

												Site security can be monitored both on site or externally through private security contract. Additional deterrent. Security Patrols An increased visible security agency presence during any organised strike activity, demonstrations etc. should be encouraged so long as such a presence showcases an empathetic response to any lawful means of associated activity. This approach will aid in informing the actions below. Network alerting Intelligence warnings Reports of hostile reconnaissance Vetting of staff Staff must meet the necessary requirements of the role or organisation e.g. DBS, SC, DV, STRAP, TS etc. Monitoring of all critical assets Plant and equipment, cargo, stores and other critical assets should be itemised and checked on a regular basis in line with consignee requirements for cargo and stores and security measures in line with key infrastructure. This will aid in identifying acts of sabotage at an early stage.		

7	Arson	Uniformed Police	ABP Mitie (Port security contractor) Uniformed Police Port Security	2	2	4	3	2	3	6	Key assets - Buildings - All associated Freeport industrial assets both in Port of Liverpool and wider CSO / Tax & Investment Zone sites infrastructure (Lock gates)) - Plant and equipment – All machinery and operational materials contained within Freeport associated sites. Vulnerabilities - Close proximity to residential area - COMAH compounds	Mitigating controls ISPS / PFSP Legislation codifies a requirement to sufficiently secure ports and critical assets contained within. Inherent to this is the adoption of a robust Port Facility Storage Plan which seeks to ensure the application of measures designed to protect the port facility and ships, persons, cargo, cargo transport units and ship's stores from risks of a security incident. In addition to: • Gathering and assessing key intelligence and information • Maintaining communication protocols • Provision of means to raise alarm or concern • Vessel and Port Security Plans •Training and Drills Security Patrols Access control Only authorised personnel to gain access to secure sites particularly COMAH compounds. CCTV Site security can be monitored both on site or externally through private security contract. Additional deterrent. Security Patrols An increased visible security agency presence during any organised strike activity,	0.5	3

												demonstrations etc. should be encouraged so long as such a presence showcases an empathetic response to any lawful means of associated activity. This approach will aid in informing the actions below. Network alerting Intelligence warnings Reports of hostile reconnaissance Vetting of staff Staff must meet the necessary requirements of the role or organisation e.g. DBS, SC, DV, STRAP, TS etc. COMAH The purpose of the COMAH Regulations is to prevent major accidents involving dangerous substances and limit the consequences to people and the environment of any accidents which do occur. Organisations subject to COMAH are those which manufacture or store dangerous chemicals (including petrochemicals, pharmaceuticals and agrochemicals) and explosives in excess of threshold quantities specified in the Regulations. Schedule 1 of the legislation outlines a requirement to includes the names of dangerous substances and categories present or likely to be		

												present on sites and it is the responsibility of the operator to provide a relevant series of mitigation measures such as: appropriate plant design process control emergency procedures		
8	Personal security	Uniformed Police	ABP Mitie (Port security contractor) Uniformed Police Port Security	2	3	1	2	3	2	4	Key assets - Employees – All personnel employed by or contracted in Freeport sites. - Visitors – Any personnel given authorised access for the purpose of business or commercial interest. Vulnerabilities Multi user port - The geographic disparity and the varying nature of business and operations on sites means that as a multi-user port, both employees and visitors could be vulnerable.	Mitigating controls ISPS / PFSP Legislation codifies a requirement to sufficiently secure ports and critical assets contained within. Inherent to this is the adoption of a robust Port Facility Storage Plan which seeks to ensure the application of measures designed to protect the port facility and ships, persons, cargo, cargo transport units and ship's stores from risks of a security incident. In addition to: • Gathering and assessing key intelligence and information • Maintaining communication protocols • Provision of means to raise alarm or concern • Vessel and Port Security Plans •Training and Drills Security Patrols Access control Only authorised personnel to gain access to secure sites particularly COMAH compounds. CCTV	0.5	2

												Site security can be monitored both on site or externally through private security contract. Additional deterrent. Security Patrols An increased visible security agency presence during any organised strike activity, demonstrations etc. should be encouraged so long as such a presence showcases an empathetic response to any lawful means of associated activity. This approach will aid in informing the actions below. Network alerting Intelligence warnings Reports of hostile reconnaissance Vetting of staff Staff must meet the necessary requirements of the role or organisation e.g. DBS, SC, DV, STRAP, TS etc.		
9	Personnel (recruitment)	Uniformed Police	ABP Mitie (Port security contractor) Uniformed Police Port Security	1	3	1	1	2	2	2	Key assets - Employees - All personnel employed by or contracted in Freeport sites. Vulnerabilities Whilst vetting procedures go a long way to determining any previous criminal convictions and / or extreme political ideologies, this does not necessarily reflect the current 'state of play' for a new employee.	Mitigating controls ISPS / PFSP Legislation codifies a requirement to sufficiently secure ports and critical assets contained within. Inherent to this is the adoption of a robust Port Facility Storage Plan which seeks to ensure the application of measures designed to protect the port facility and ships, persons, cargo, cargo transport units and ship's stores from risks of a security incident.	1	2

												In addition to: • Gathering and assessing key intelligence and information • Maintaining communication protocols • Provision of means to raise alarm or concern • Vessel and Port Security Plans •Training and Drills Security Patrols Access control Only authorised personnel to gain access to secure sites particularly COMAH compounds. CCTV Site security can be monitored both on site or externally through private security contract. Additional deterrent. Security Patrols An increased visible security agency presence during any organised strike activity, demonstrations etc. should be encouraged so long as such a presence showcases an empathetic response to any lawful means of associated activity. This approach will aid in informing the actions below. Network alerting Intelligence warnings Reports of hostile reconnaissance Vetting of staff		

												Staff must meet the necessary requirements of the role or organisation e.g. DBS, SC, DV, STRAP, TS etc. Onboarding The onboarding process and probationary periods common to new employment contracts offer a further opportunity for employers and security staff to ensure that personnel pose no threat to either themselves or the business, assets and premises contained within the Freeport.		
Financial														
10	Theft	Uniformed Police	ABP Mitie (Port security contractor) Uniformed Police Port Security	2	1	2	3	5	3	6	Key assets - Infrastructure - Plant & equipment - Cargo Vulnerabilities As a multi user port with close proximity to residential areas this is the only risk which is deemed 'High'. Theft is often opportunistic and its impact can grow exponentially depending on both the financial value of the stolen article or its importance in the operational model of a business.	Mitigating controls ISPS / PFSP Legislation codifies a requirement to sufficiently secure ports and critical assets contained within. Inherent to this is the adoption of a robust Port Facility Storage Plan which seeks to ensure the application of measures designed to protect the port facility and ships, persons, cargo, cargo transport units and ship's stores from risks of a security incident. In addition to: • Gathering and assessing key intelligence and information • Maintaining communication protocols • Provision of means to raise alarm or concern • Vessel and Port Security Plans •Training and Drills	1	6

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											Security Patrols Access control Only authorised personnel to gain access to secure sites particularly COMAH compounds. CCTV Site security can be monitored both on site or externally through private security contract. Additional deterrent. Security Patrols An increased visible security agency presence during any organised strike activity, demonstrations etc. should be encouraged so long as such a presence showcases an empathetic response to any lawful means of associated activity. This approach will aid in informing the actions below. Network alerting Intelligence warnings Reports of hostile reconnaissance Vetting of staff Staff must meet the necessary requirements of the role or organisation e.g. DBS, SC, DV, STRAP, TS etc.		

11	Fraud & Money Laundering	Merseyside Police	Uniformed Police CT Police CA DfT Homeland Security HMRC Port Security UKFIU	2	1	1	4	4	3	6	Key assets - Employees - All personnel employed by or contracted in Freeport sites. Vulnerabilities - Economic distress can lead to an opportunity for bribery	Mitigating controls Bribery policy The structure of LCR Freeport means that this aspect of potential criminal activity has two separate strands pertaining to both private and public sector bodies respectively. In the private sector, Section 7 of the Bribery Act 2010 stipulates that a relevant commercial organisation can be criminally liable for failure to prevent bribery. As such, commercial organisations should assess the nature and extent of internal risks of bribery. This can form part of a wider business risk assessment / register or if the nature of the business dictates this could from a standalone bribery risk assessment / register. This forms one of the key principles of bribery mitigation, others include: Proportionate procedures Top-Level commitment Due Diligence Communication (Including Training) Monitoring and Review In the public sector, those within Liverpool City Region Combined Authority are bound by law to adhere to anti-bribery policy in line with roles as public officials.	0.25	1.5

												As part of the onboarding process and subsequently yearly policy renewals employees must read and accept a number of policies including: Anti - Bribery Protocol Anti - Money Laundering Protocol Fraud, Bribery and Corruption Protocol Surveillance Protocol Investigation Protocol Vetting of staff Staff must meet the necessary requirements of the role or organisation e.g. DBS, SC, DV, STRAP, TS etc. Strict Auditing regimes HR processes at businesses and authorities ensure that individual agents cannot subversively benefit from financial gain due to corruption or bribery as any fiscal irregularities will be identified at an early stage. Fraud LCR Freeport will approach UKFIU to become a contributor to LCR Freeport Security and Risk group. This would foster a close working relationships and ensure UKFIU share intelligence generated through Suspicious Activity Reports.		

12	Tax Evasion	HMRC	Uniformed Police CT Police CA DfT Homeland Security HMRC Port Security	1	1	1	4	4	3	3	Key assets - Employees - All personnel employed by or contracted in Freeport sites. Vulnerabilities - National and International businesses seeking to exploit complicated taxation systems	Mitigating controls HMRC The stringent nature of the HMRC led CSO / AEO(S) application processes. The level of scrutiny contained therein makes it difficult for a 'bad agent' to operate a business criminally and as such deters any such activity. Bribery Policy The structure of LCR Freeport means that this aspect of potential criminal activity has two separate strands pertaining to both private and public sector bodies respectively. In the private sector, Section 7 of the Bribery Act 2010 stipulates that a relevant commercial organisation can be criminally liable for failure to prevent bribery. As such, commercial organisations should assess the nature and extent of internal risks of bribery. This can form part of a wider business risk assessment / register or if the nature of the business dictates this could from a standalone bribery risk assessment / register. This forms one of the key principles of bribery mitigation, others include: Proportionate procedures Top-Level commitment Due Diligence Communication (Including Training)	0.25	0.75

											Monitoring and Review In the public sector, those within Liverpool City Region Combined Authority are bound by law to adhere to anti-bribery policy in line with roles as public officials. As part of the onboarding process and subsequently yearly policy renewals employees must read and accept a number of policies including: Anti - Bribery Protocol Anti - Money Laundering Protocol Fraud, Bribery and Corruption Protocol Surveillance Protocol Investigation Protocol		
13	Insider Threat	ABP	Uniformed Police CT Police CA DfT Homeland Security HMRC Port Security Border Force	2	2	2	4	2	3	6	Key assets - Employees - All personnel employed by or contracted in Freeport sites. Vulnerabilities - Business compromised due to commercial and operational leaks	Mitigating controls Vetting of staff Staff must meet the necessary requirements of the role or organisation e.g. DBS, SC, DV, STRAP, TS etc. Policies Clear process for whistleblowing and highlighting any illegal or malicious activity. Staff Monitoring Both overtly on active patrols and through CCTV IT security processes	0.5	3

												As detailed at serial 4. Auditing		
Movement of Goods														
14	Illegal, prohibited & restricted items	Border Force	Uniformed Police CT Police CA DfT Homeland Security HMRC Port Security	1	1	1	1	1	1	1	Key assets - Reputational damage – LCR Freeport's brand and positive message could be damaged by incidents of illegal trade Vulnerabilities - Business compromised due to commercial and operational leaks	Mitigating controls ISPS • Gathering and assessing key intelligence and information • Maintaining communication protocols • Provision of means to raise alarm or concern • Vessel and Port Security Plans •Training and Drills Customer checks completed The Freeport model ensures that cargo is still devanned during its disembarkation / storage process and is therefore accounted for both at point of origin and arrival. The consignor and consignee remain responsible for the goods contained therein which provides an additional level of authority to ensuring only goods authorised to enter relevant customs sites / freeport zone and other relevant storage facilities are sent and received Established customer base Baseline knowledge of current trade partners and associated	0.25	0.25

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											businesses will aid in understanding threats if any persist. HMRC The AEO(S) and CSO processes ensure that only 'trusted traders' operate under the Freeport and as such negate the opportunity for rogue or bad actors to take advantage of simplified customs procedures.		
15	Trade in counterfeits	Border Force	Uniformed Police CT Police CA DfT Homeland Security HMRC Port Security Trading Standards Agency	1	1	1	1	1	1	1	Key assets -NA Vulnerabilities - Opportunities to disguise counterfeit goods as genuine articles.	Mitigating controls HMRC The AEO(S) and CSO processes ensure that only 'trusted traders' operate under the Freeport and as such negate the opportunity for rogue or bad actors to take advantage of simplified customs procedures. Devanning The Freeport model ensures that cargo is still devanned during its disembarkation / storage process and is therefore accounted for both at point of origin and arrival. The consignor and consignee remain responsible for the goods contained therein which provides an additional level of authority to ensuring only goods authorised to enter relevant customs sites / freeport zone and other relevant storage facilities are sent and received.	0.25	0.25

16	Human Trafficking	Border Force	Uniformed Police CT Police CA DfT Homeland Security HMRC Port Security Additionally, INTERPOL, EUROPOL and FRONTEX all play a huge role in intelligence gathering and combatting such activity and should be consulted if ever there exists concerns.	1	2	2	2	5	2	2	Key assets - Not applicable to ABP Vulnerabilities - Vessels entering Port unchecked	Mitigating controls ISPS • Gathering and assessing key intelligence and information • Maintaining communication protocols • Provision of means to raise alarm or concern • Vessel and Port Security Plans •Training and Drills Customer checks completed The Freeport model ensures that cargo is still devanned during its disembarkation / storage process and is therefore accounted for both at point of origin and arrival. The consignor and consignee remain responsible for the goods contained therein which provides an additional level of authority to ensuring that no person(s) are illegally transported to a UK border point. Established customer base Baseline knowledge of current trade partners and associated businesses will aid in understanding threats if any persist. Approved agents The AEO(S) and CSO processes ensure that only 'trusted traders' operate under the Freeport and as such negate the opportunity for rogue or bad actors to take advantage of simplified customs procedures. Intelligence led information	0.25	0.5

											Ongoing multi-agency approach to combatting Human Trafficking		

C – Project plan

See .pdf plan.

D – Risk Assessment

Ref	Type	Risk Name	Risk description	Risk status	Risk owner		Timescale	Probability rating	Impact rating	Overall score	Overall rating	Mitigation		Probability rating	Impact rating	Overall score	Overall rating
					SRORSR OO	Risk manager						*Underway*	*Planned*				
1	External risk	Political (National)	Change in Government or change away from Freeport Policy, focus on inward investment, growth and innovation	Active	LCR CA	TBD	M/L	3. Medium	3. Medium	9	Medium		Reference to importance of Freeport to success of major strategic undeveloped sites in emerging economic strategy, ongoing communication with central government regarding success and value	2. Low	3. Medium	6	Medium
2	External risk	Political (Regional)	Lack of near term and longer term political support from LCA CA and member local authorities undermining opportunities to realise benefits	Active	LCR CA	TBD	S/M/L	3. Medium	4. High	12	Medium	Business Case work with clear policies and close consultation with stakeholder authorities to address perceptions and opportunities for negative externalities, including local displacement		3. Medium	4. High	12	Medium

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3	External risk	Economic	Recession (Covid related or future events) limiting growth and investment opportunities / frustrating growth and reducing scope of investment available from business rates retained	Active	LCR CA	TBD	S/M/L	4. High	4. High	16	High	Several economic scenarios produced within OBC to frame workable approaches to investment and establishing the freeport in a negative, zero, small, high growth contexts		4. High	3. Medium	12	Medium
4	External risk	Business / Social	Changing expectations from business and investors in new facilities	Active	LCR CA	TBD	S/M/L	2. Low	3. Medium	6	Medium		Strong and resourced programme to ensure investor enquiries are well managed. Promotion of opportunities via global inward investment channels. Partnership between Growth Platform and DIT	1. Very low	3. Medium	3	Low
5	External risk	Technological	Freeport solutions not adapting to technological change or customs operators not attracted to the Freeport offer	Active	LCR CA	TBD	S/M/L	2. Low	3. Medium	6	Medium		Partnership approach with Customs Solutions Provider to secure ongoing relationship and active and ongoing development with key clients (customs sites and operators)	1. Very low	3. Medium	3	Low

6	External risk	Legal	Legislative changes impacting on the activity of the Freeport operations or the structure of the future joint venture arrangements	Active	LCR CA	TBD	M/L	2. Low	3. Medium	6	Medium		Consideration within the Commercial Case of the OBC of all legal aspects. Legal advice on short term potential issues and ongoing advice to the Freeport Management Board	2. Low	3. Medium	6	Medium
7	External risk	Environmental	Changing environmental standards impacting on Freeport operations, reporting obligations requiring a change in approach or increased costs	Active	LCR CA	TBD	S/M/L	3. Medium	2. Low	6	Medium		Full appraisal of environmental considerations, including the NetZero contributions of Freeport operations to be actively managed by Freeport Board	2. Low	2. Low	4	Low
8	Service risk	Demand (Customs)	Demand for the customs system/platform undermining the viability Freeport Business Model	Active	Freeport Management Board	TBD	S/M/L	4. High	4. High	16	High		Detailed appraisal of demand during systems design and consultation phase within OBC	3. Medium	3. Medium	9	Medium
9	Service risk	Demand (Tax Sites)	Demand for land available within the Tax sites frustrating outputs	Active	Freeport Management Board	TBD	S/M/L	4. High	4. High	16	High		Coordinated promotion and 'fast tracked' 'open for business' approach to increase attractiveness of opportunities within LCR relative to other sites and Freeports. Set out innovation	3. Medium	4. High	12	Medium

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													offer and wider support.				
10	Service risk	Sustainability	Initial support and agreement between partners to the business model changing over time impacting on financial sustainability.	Active	Freeport Management Board	TBD	M/L	3. Medium	4. High	12	Medium		Joint Venture arrangements seeking long term support for the Freeport. Partner agreements and support as part of OBC approval process.	2. Low	4. High	8	Medium
11	Business risk	Results and Impacts	Risk that results not achieved or the results (sites and systems) don't deliver the expected impacts.	Active	Freeport Management Board	TBD	S/M/L	3. Medium	3. Medium	9	Medium		Governance by Freeport Management Board with the resources to adapt and improve operations to maintain / exceed planned results and impacts	2. Low	3. Medium	6	Medium
12	Business risk	Partnerships	Risk that partnership delivery model breaks down or partners no longer participate or change the terms of their engagement	Active	Freeport Management Board	TBD	M/L	3. Medium	4. High	12	Medium		Strong and effective Chair and Freeport Board, well supported by key partner organisations represented on the Freeport Operations Group and Management Team.	2. Low	4. High	8	Medium

13	Service risk	Competition	Competition between Tax sites / Competition between Freeports / Competition between Customs Sites weakens LCR wide strategic approach	Active	Freeport Management Board	TBD	M/L	2. Low	3. Medium	6	Medium		Strong and effective Chair and Freeport Management Board working across Freeport stakeholders to manage internal competition issues	2. Low	2. Low	4	Low
14	Service risk	Cost Increases	Pressure to meet inflationary wage increases if incomes (from partners or the customs systems as identified in the agreed business plan) no linked to inflation as well as increases to overhead costs, in particular office costs	Active	Freeport Management Board	TBD	M/L	3. Medium	3. Medium	9	Medium		Detailed financial appraisal as part of the OBC Financial Case	2. Low	3. Medium	6	Medium
15	Service risk	Delays	Delays in securing approval to the Freeport Designations, delays in contractual arrangements (both internal and with key contracted partners), delays in partner understanding of the Freeport value proposition.	Active	Freeport Management Board	TBD	M/L	3. Medium	3. Medium	9	Medium		Ongoing effective communications between LCR Freeport and HMRC and DCLG.	2. Low	3. Medium	6	Medium

16	Service risk	Quality	Internal and external partner quality standards being maintained and managed effectively impacting on reputation and wider participation and demand	Active	LCR CA	TBD	M/L	2. Low	3. Medium	6	Medium		Clear business plan and clarity regarding standards of operation and accountability within the LCR Freeport	2. Low	2. Low	4	Low
17	Service risk	Stakeholder Engagement	Risk that key stakeholders don't fully engage through the business planning or establishment phases, undermining the business model or overall effectiveness of the Freeport	Active	LCR CA	TBD	M/L	2. Low	3. Medium	6	Medium		Freeport Governance structure actively managed to ensure all stakeholders are properly engaged	2. Low	2. Low	4	Low
18	Business risk	Reputation	Risk that confidence in the proposed or established Governance structure is lost	Active	LCR CA	TBD	M/L	2. Low	4. High	8	Medium		Strong and effective Chair and Freeport Board working across Freeport stakeholders ensure confidence is maintained.	2. Low	3. Medium	6	Medium
19	Business risk	Resources	Risk that financial and human resources available to the LCR Freeport are insufficient to deliver on targets effectively	Active	LCR CA	TBD	S/M/L	3. Medium	3. Medium	9	Medium		FBC to consider all available models of supporting the Freeport Management Team (secondments, interim contracts, partner agreements etc).	2. Low	3. Medium	6	Medium

20	Service risk	Subsidy Control (State Aid)	Risk that there is a breach of new Subsidy Control rules (linked to legislative change)	Active	LCR CA	TBD	S/M/L	2. Low	4. High	8	Medium		Subsidy Control part of Commercial Case within OBC with specialist legal input.	1. Very low	4. High	4	Low
21	Service risk	Match Funding	Risk that funding the LCR Freeport falls to small number of key stakeholders, primarily public sector partners	Active	LCR CA	TBD	S/M/L	4. High	4. High	16	High		Clear value proposition and attractive approach to delivering value to beneficiaries of customs and tax site designations.	3. Medium	3. Medium	9	Medium
22	Service risk	Procurem ent	Risk that Freeport Value added aspect (movement between Freeport sites) not feasible through accessible single system	Active	LCR CA	TBD	S/M/L	2. Low	5. Very High	10	Medium	Ongoing development to determine customs software opportunity and value added, taking advice from Government on solutions to deliver consistent and connected approach.		2. Low	4. High	8	Medium

E – Tax Site Maps

Tax site maps are available in the FBC Dropbox folder:
https://www.dropbox.com/sh/hms8ie6hljqmaqn/AAACFDk77TZvXb64qMfhLOWJa?dl=0
A map of the Seed Investment Fund locations will also be uploaded.

F – Letters of Support from Tax Site Councils

Letters of support and internal approvals can be viewed here:
https://www.dropbox.com/sh/hms8ie6hljqmaqn/AAACFDk77TZvXb64qMfhLOWJa?dl=0

Liverpool City Region Freeport

G - SWOT of the Strategic Case

A high level SWOT analysis summarising the key content of Strategic Case

Strengths	Weaknesses
- Investment focused on 4 key sites with clear rationale for selection - Strategic multi-modal infrastructure assets across air, maritime, rail and road - Proximity to major population centres - Nationally significant Port of Liverpool – ideally positioned for global trade and logistics - Coordinated, locally inclusive programme of skills, innovation and trade and investment promotion - Alignment with national, regional and local policy - Trade and investment track record - Existing prime businesses - Positive planning context - Development and investment partners secured - Complementarity with programme of activity and investment in LCR / strategic projects - Target markets building on existing assets and sectoral strengths - aerospace, maritime, energy & automotive; bio manufacturing and chemicals; and food and drink & FMCG - Solid cross-sector partnership - Strong maritime sector - Specialist training and education facilities - Clear governance arrangements for effective delivery - Liverpool global brand - Part of globally significant innovation ecosystem	- LCR the most deprived LEP area in England and proximity of tax sites to deprived neighbourhoods - Relatively poor growth, productivity and employment - Low proportion of innovation active businesses - Underinvestment in potential key strategic sites - Existing vacant and derelict dockland, colliery land and industrial sites – associated with market failure and viability challenges - Negative externalities associated with Freeport growth e.g. congestion, air quality and environmental issues

Opportunities	Threats
- Customs sites at Liverpool John Lennon Airport - Linking major employment sites and strategic infrastructure with skills and innovation support - Contribution to levelling up agenda - Employment creation for LCR communities - Utilising Freeport levers – seed capital, retained business rates - Regeneration of vacant, derelict land - Attracting investment by multi-national companies - High Potential Opportunity for Vaccines - Drive objectives to meet climate change targets - Targeting global markets for enhanced inward investment and trade e.g. North America, China - Working collaboratively with other Freeports - Partnerships with government departments and agencies e.g. DIT - Transition to net zero - Engagement with the FREN - Key market opportunities – automotive supply chain, biomanufacturing/vaccines and hydrogen	- Multinational business interests favour international investment in other locations - Freeport Innovation Challenges – Net Zero Maritime Sector, eliminating maritime diesel emissions from ports and vessels, and regulatory innovation and improved use of digital technologies - Climate emergency - Covid-19 recovery - Trade environment post-Brexit - Implications of Ukraine conflict for the global economy - Financial dependency on government resource - Co-ordination across myriad of stakeholders and delivery partners

Liverpool City Region Freeport

H - Customs Letters

Not included, available if required.

I – Tax Calculation Summary

Introduction

Consistent with measures outlined within the Freeport Prospectus, businesses locating within the designated tax sites will be eligible for relief from:

- Non-Domestic Rates (NNDR)
- Stamp Duty Land Tax (SDLT)
- Structures and Buildings Allowance (SBA)
- Enhanced Capital Allowances (ECA)
- National Insurance Contributions (NIC)

The potential level of relief has been estimated for each of the tax sites to inform the Economic Case appraisal. It is noted that the Green Book states that: *"Transfers of resources between people (e.g. gifts, taxes, grants, subsidies or social security payments) should be excluded from the overall estimate of Net Present Social Value (NPSV)."*

On this basis, the consideration of tax effects in the value for money assessment is presented separately below the main assessment of NPSV.

This note outlines the approach to the assessment, detailing key assumptions adopted, and provides a summary of expected tax benefits to businesses across each tax site. It should be read in conjunction with the economic case section of the OBC detailing the approach to the economic forecasts.

Methodological approach

Tax relief has been calculated as part of wider modelling work undertaken to inform the Liverpool City Region Freeport OBC. This is based on development and take-up assumptions that have been agreed with the promoters of the tax sites, alongside modelling undertaken to inform estimates of capital investment and employment.

In addition, the estimate of tax reliefs within the economic case reflects key assumptions around:

- Additionality – the assessment models the marginal tax relief based on identified development projections, assuming that equivalent activity would proceed under a counterfactual scenario (albeit without the Freeport tax reliefs to businesses locating within the site). On this basis, the estimate represents an upper bound assessment of the potential relief; and
- Discounting – reliefs are presented in nominal prices and discounted in accordance with HM Treasury guidance.

Specific assumptions in relation to each relief under both the Freeport and counterfactual scenarios are outlined in the table below.

Tax	Key assumptions	Freeport	Counterfactual
NNDR	Calculation based on rateable value projections for new and secondary premises within Tax site, informed by valuation evidence for comparable premises	100% relief from NNDR for new activity above baseline within Freeport zone. Businesses locating in the tax site prior to October 2021 benefit from five years relief.	NNDR applied at the prevailing rate, with allowance for established reliefs only.
SDLT	Based on projected freehold and leasehold transactions relating to sites and premises within the Freeport area. Freehold transaction of sites/premises assumed to take place every ten years – annual average applied	100% relief from SDLT for transactions over the period to March 2026. Level of relief based on assumed profile of sites and floorplates for alternative uses.	No reliefs assumed under counterfactual. SDLT levied at standard rates
NIC	Estimated based on projected employment growth (gross) within businesses taking premises within Freeport. Employer contributions calculated based on: Full time/part-time worker trends for key sectors (ONS BRES data) Average earnings for key sectors (ONS ASHE data)	100% employer NIC relief on portion of salaries up to £25,000 for a period 3 years. Applied to jobs created within the Freeport tax zone before March 2031, assuming that 90% of jobs will involve spending at least 60% of working hours in the tax site.	No reliefs assumed under counterfactual. Employer NIC levied at 13.8% on eligible salary up to £25,000
SBA	Estimated based on projected gross capital investment relating to the construction or renovation of structures and buildings. Capital investment estimated based on benchmark cost rates for new premises. Based on corporation tax rate of 19% to 23/24 and 25% thereafter.	Deducts 10% of total CAPEX against taxable profits for 10 years following investment Assumes asset brought into qualifying use before September 2026. Assumes that taxable share of profit exceeds expenditure.	Deduct 3% of total CAPEX against taxable profits for 33 years after investment. Assumes taxable share of profit exceeds expenditure.
ECA	Based on estimate of gross capital expenditure by occupiers of premises within the Freeport on eligible plant and equipment. Level of capital expenditure based on indicative rates for alternative uses/sectors. Based on corporation tax rate of 19% to 23/24 and 25% thereafter.	Deduct 100% of CAPEX against next-year taxable profits Assumes asset brought into qualifying use before September 2026. Assumes that taxable share of profit exceeds expenditure.	Deduct 18% of CAPEX against next-year taxable profits on a declining balance

A copy of the model has been provided for review, confirming that the approach appears reasonable based on the assumptions outlined, which are further detailed below.

NNDR Savings

The approach to assessing potential NNDR savings is consistent with that adopted in relation to the calculation of potential business rates income as part of the TIF funding appraisal, applied over the first five years of the Freeport programme. The assessment allows for a lag in the assessment of new premises and initial reliefs equating to 12 months post completion prior to the payment of rates. The business rates liability has been calculated having regard to the UBR multiplier. Other key assumptions are outlined below.

Table 2: NNDR assumptions

	Rating basis	Conversion	Reliefs	Rateable Value (£psm)		
				Wirral Waters	Parkside	3MG
Retail/F&B	NIA	80%	0%	£104	-	-
Office	NIA	80%	0%	£104	-	-
Research & Development	NIA	80%	0%	£104	-	-
Managed workspace	NIA	80%	90%	£104	-	-
Light Industrial	NIA	80%	0%	£55	-	£50
General Industrial	GIA	100%	0%	£50	£40	£55
Warehouse/ Distribution	GIA	100%	0%	£45	£40	£60
Education	GIA	100%	90%	£100	-	-
Other	GIA	100%	0%	£100	-	-

Enhanced Capital Allowances

Table 3 outlines specific assumptions adopted in the assessment of enhanced capital allowances for activities proposed within the Freeport Tax sites.

Table 3 Enhanced Capital Allowances

	CAPEX	Profit	Freeport				Counterfactual	
	£ sqm	£ / employee	Prod. Premium	£ / sqm	Deduction	ECA	Deduction	ECA
Retail/F&B	£250	£22,652	10%	£1,675	100%	£250	20%	£50
Office	£250	£28,304	10%	£2,883	100%	£250	20%	£50
Research & Development	£250	£27,360	25%	£855	100%	£250	20%	£50
Managed workspace	£0	£22,643	10%	£2,594	100%	£0	20%	£0

Light Industrial	£250	£26,538	25%	£888	100%	£250	20%	£50
General Industrial	£800	£26,538	50%	£998	100%	£800	20%	£160
Warehouse/ Distribution	£800	£16,607	300%	£863	100%	£800	20%	£160
Education	£0	£19,576	10%	£144	100%	£0	20%	£0
Other	£0	£0	10%	£0	100%	£0	20%	£0

Enhanced Structures and Buildings Allowance

Table 4 outlines specific assumptions adopted in the assessment of enhanced Structures and Buildings Allowance for activities proposed within the Freeport Tax sites.

Table 4: Enhanced Structures and Buildings Allowance (SBA)

	CAPEX	Profit	Profit	Freeport			CF		
	£ sqm	% cost	£ sqm	Deduct	£ sqm	Years	Deduct	Years	
Retail/F&B	£1,800	12.5%	£225	10%	£180	10	3.0%	£55	33.0
Office	£1,800	12.5%	£225	10%	£180	10	3.0%	£55	33
Research & Development	£2,500	12.5%	£313	10%	£250	10	3.0%	£76	33
Managed workspace	£1,800	12.5%	£225	10%	£180	10	3.0%	£55	33
Light Industrial	£850	12.5%	£106	10%	£85	10	3.0%	£26	33
General Industrial	£800	12.5%	£100	10%	£80	10	3.0%	£24	33
Warehouse/ Distribution	£750	12.5%	£94	10%	£75	10	3.0%	£23	33
Education	£1,800	12.5%	£225	10%	£180	10	3.0%	£55	33
Other	£1,500	12.5%	£188	10%	£150	10	3.0%	£45	33

Stamp Duty Land Tax

Table 5 outlines specific assumptions adopted in the assessment of Stamp Duty Land Tax savings.

Table 5: Stamp Duty Land Tax												
	FMV	SDLT rate	No. p.a.	SDLT p.a.	FMV	SDLT rate	No. p.a.	SDLT p.a.	Rental value	Avge term	SDLT rate	SDLT
	£/sqm	%	no.	£/sqm	£/sqm	%	FH sales	£/sqm	£/sqm	yrs	%	£/sqm
Retail/F&B	£150.00	1.0%	0.10	£0.15	£2,000.00	3.0%	0.33	£20.00	£200.00	5	1.25%	£12.50
Office	£150.00	1.0%	0.10	£0.15	£2,187.50	3.0%	0.33	£21.88	£175.00	5	1.25%	£10.94
Research & Development	£150.00	1.0%	0.10	£0.15	£2,187.50	3.0%	0.33	£21.88	£175.00	5	1.25%	£10.94
Managed workspace	£150.00	1.0%	0.10	£0.15	£1,750.00	2.0%	0.33	£11.67	£175.00	5	1.25%	£10.94
Light Industrial	£150.00	2.3%	0.10	£0.34	£800.00	3.0%	0.33	£8.00	£60	5	1.25%	£3.75
General Industrial	£150.00	2.3%	0.10	£0.34	£800.00	3.0%	0.33	£8.00	£60	5	1.25%	£3.75
Warehouse/ Distribution	£150.00	2.3%	0.10	£0.34	£1,000.00	4.0%	0.33	£13.33	£60	5	1.25%	£3.75
Education	£150.00	1.0%	0.10	£0.15	£1,600.00	4.5%	0.33	£24.00	£120	5	1.25%	£7.50
Other	£150.00	1.0%	0.10	£0.15	£1,200.00	2.5%	0.33	£10.00	£120	5	1.25%	£7.50

National Insurance Contributions

Table 6 outlines specific assumptions adopted in the assessment of National Insurance Contributions.

Table 6: National Insurance Contributions													
	Full time employees						**Part time employees**						
	%	**% 'on-site'**	**Av. Salary**	**Eligible Salary**	**Employer NIC**	**NIC Saving p.a.**	**%**	**% 'on-site'**	**Av. Salary**	**Eligible Salary**	**Employer**	**NIC Saving p.a.**	**Average NIC Saving pa**
	42%	90%	£28,362	£16,100	£2,221.80	£841.14	58%	90%	£10,683	£1,783	£246.05	£128.30	£969.44
Office	79%	70%	£46,516	£16,100	£2,221.80	£1,227.00	21%	70%	£17,445	£8,545	£1,179.21	£174.22	£1,401.22

Research & Development	86%	90%	£47,679	£16,100	£2,221.80	£1,715.99	14%	90%	£22,143	£13,243	£1,827.53	£233.30	£1,949.29
Managed workspace	83%	90%	£46,516	£16,100	£2,221.80	£1,658.46	17%	90%	£17,445	£8,545	£1,179.21	£181.07	£1,839.53
Light Industrial	91%	90%	£36,891	£16,100	£2,221.80	£1,813.94	9%	90%	£16,622	£7,722	£1,065.64	£89.06	£1,903.00
General Industrial	91%	90%	£36,891	£16,100	£2,221.80	£1,813.94	9%	90%	£16,622	£7,722	£1,065.64	£89.06	£1,903.00
Warehouse/ Distribution	82%	70%	£38,299	£16,100	£2,221.80	£1,273.34	18%	70%	£15,606	£6,706	£925.43	£117.43	£1,390.76
Education	56%	90%	£35,786	£16,100	£2,221.80	£1,111.91	44%	90%	£14,876	£5,976	£824.69	£329.50	£1,441.41
Other	68%	90%	£38,131	£16,100	£2,221.80	£1,358.29	32%	90%	£13,549	£4,649	£641.56	£185.19	£1,543.48

Results

The level of tax relief for each of the components is outlined below for each of the tax sites.

Table 7: Tax relief estimate (PV, 2021 prices, £m)

	Wirral Waters	Parkside	3MG	Total
NNDR	£24.8	£43.7	£53.6	£122.0
NIC	£13.1	£23.8	£7.2	£44.1
SDLT	£4.3	£10.4	£6.8	£21.5
SBA	£6.4	£13.6	£5.3	£25.4
ECA	£1.0	£3.7	£1.5	£6.2
Total	£49.6	£95.3	£74.4	£219.2

As outlined above, the estimate set out is based on projected activity within each Freeport tax site over the relevant period, consistent with wider modelling for each of the intervention options. It shows the difference between a Freeport package of measures (the intervention case) and standard measures based on current tax arrangements, assuming that development proceeds in the absence of key incentives (the counterfactual).

Liverpool City Region Freeport

J – Governance Documents

Freeport Board Approved Terms of Reference, April 2022

Authority/ Constitution	The Liverpool City Region (LCR) Freeport Partnership Agreement (FPA) (together with any further Freeport Scheme of Delegation) sets out how the Freeport will be led by a Freeport Board and how the Freeport will use an accountable body, the Liverpool City Region Combined Authority (LCRCA), to enter into contracts and employ staff and be accountable for the use of public funds. The work of the Freeport Board will be supported by the LCR Operational Board. The Operational Board authority will be included in the Scheme of Delegation agreed between the Freeport Board and the LCR Combined Authority. The Freeport Board and the Operational Board will work toward the same shared aims and be distinct in their approach. In brief, the Freeport Board will place great emphasis on: • strategy, • oversight, and • issues of high sensitivity/risk/value. The Operational Board will have a complementary emphasis on: • operations (putting the agreed strategy into practice), • partner relations particularly at executive level, • providing clear information for the Freeport Board and stakeholders, and • day-to-day financial and investment management within agreed frameworks. *These Terms of Reference will remain as a draft until adopted by the Freeport Board.*
Accountability	The Freeport Board, through its Chair is responsible to the Liverpool City Region Combined Authority (LCRCA) The Chair will also liaise with other key partners including the Chair of the LCR Local Enterprise Partnership (LEP). The Freeport Board Members will be accountable to each other to ensure partnership working is productive, sustainable, and supportive. Reports on progress will be provided to the Freeport Board, who will be able to review performance as reported by the Operational Board. The Freeport Board will also seek to update other partners and the accountable body as appropriate. Key performance indicators (KPIs) will be developed, used and progress reported. The Freeport Board will review the performance of the Executive Team at least annually, and the performance of any such Operational Board/sub-Committees as may be established.

Functions and responsibilities	The Freeport Board is responsible for overseeing the activities of the Operational Board. Notably the Operational Board is tasked with several activities relating to commencement, establishment and ongoing operations. *(See Operational Board Draft Terms of Reference)* In fulfilling its obligations to focus on strategy, oversight and issues of high sensitivity the Freeport Board will focus inter alia on the following matters: Approval and/or recommendation to the accountable body of the following: • Full Business Case (accountable body) • Commencement Business Plan • Five-year strategy (accountable body) • Review of Governance and its architecture • Establish the policy approach to the Freeport Seed Investment Fund • Custom Sites (accountable body) and Custom Site Operators • Annual Business Plan • Review alignment with strategic policy landscape of the LCRCA and the LEP • Oversee the operation of the following: • Gateway Policy • Equalization Policy • Receive assurance through receipt/review of the following information: • KPI's • Financial Information • Government returns and feedback • Annual audit of security measures • Executive Team effectiveness • Operational Board effectiveness
Membership	The Freeport Board will consist of up to twelve permanent members that will meet quarterly or such other periodicity as discussed with the Board: • An independent chair • The Metro Mayor • Two (political) members from the LCR local authorities • One member from the Port of Liverpool • One member from the LCR Universities (with an option of rotating between two) • The LEP Chair (representing the LEP)

	• One member from the LCR Group of Members of Parliament (with an option of rotating between two) • Three private sector members with relevant skills and/or interest of benefit to the Freeport's mission. • One member, from the private or third sector, representing distinctive skills or experience in a key sector or discipline of significant benefit for the evolution of the Freeport and its connection with other major initiatives such as sustainability activities. The Freeport Board will be deemed to be quorate when any six members are participating in the meeting. Members of the Freeport Board are expected to attend at least 75% of all meetings and should aim to attend all meetings. Attendance will be recorded and monitored. Members of the Freeport Board will be asked to provide a named substitute to attend in their stead. Any such named substitute must be appointed accordingly by completing appointment letters.
The Operational Board	Nominated by the Freeport Board, members of the Operational Board, comprising senior officers and individuals from Freeport Board member organisations' (and beyond) will meet monthly and assist the Freeport executive team in setting its plans for approval by the Freeport Board and in delivering the objectives of the Freeport. The Freeport Partnership Agreement will set out the detailed arrangements for decision-making, delegations, and the management of risk in respect the Freeport Board and Operational Board. The Chair has the ability to nominate up to three representatives to represent key stakeholders and partners of the LCR Freeport.
Equality, diversity, and inclusion	In conducting its business, the Freeport Board and Operational Board will at all times seek to promote its commitment to equality and diversity by the creation of an environment that is inclusive for both its staff and its partners including those who have protected characteristics and vulnerable members of our community.
Communication	The Chair and Freeport Board will agree communications protocols for sharing and disseminating information within the Operational Board and into the public domain. Progress will be reported, as required and as appropriate, as set out in section 2 above. An open communications style will be adopted on Freeport matters between and on behalf of LCR Freeport landowners, operators, and host local authorities. Where items on the agenda are marked 'confidential' they must be treated as such and not shared physically, electronically or allowed to be viewed by third parties without the consent of the Chair of the Operations Board or in their stead the Chair of the Freeport Board.
Meeting administration and reporting	The Accountable Body through its Democratic Services team will act as the secretary to the Freeport Board. The Chair and members of the Operational Group will provide appropriate support to the Chair and Freeport Board members. Agendas and papers will be submitted at least 5 full business days in advance of a meeting.

	A note of all meetings of the Freeport Board and Operational Board shall be formally recorded and submitted to the Freeport Board for approval.
Conflicts of interest	Freeport Board Members will be required to declare any conflicts of interest as they arise. They will need to adhere to the Seven Principles of Public Life, as drawn up by the Committee on Standards in Public Life more commonly known as the Nolan Principles. Ensuring a balanced approach, conflicts of interest will be managed in line with the LCRCA constitution, and a Conflicts of Interest Policy Statement will provide guidance for the Freeport Board (Conflict of Interest Declarations will also be required for each meeting's agenda). All meeting notes and papers will be published therefore any Conflicts of Interest will be publicly transparent.
Decisions	Decisions will be taken by consensus and where this cannot be achieved by a simple majority. In the event of a tied vote, the Chair of the Freeport Board can choose to exercise their casting vote or refer the matter to the Accountable Body.
Review	The Terms of Reference for the Freeport Board shall be reviewed annually. LCR Freeport Policies will be reviewed annually.

Operational Board Approved Terms of Reference, April 2022

Authority/ Constitution	The Liverpool City Region (LCR) Freeport Partnership Agreement (FPA) (together with any further Freeport Scheme of Delegation) sets out how the Freeport will be led by a Freeport Board and how the Freeport will use an accountable body, the Liverpool City Region Combined Authority (LCRCA), to enter into contracts and employ staff and be accountable for the use of public funds. The work of the Freeport Board will be supported by the LCR Operational Board. The Operational Board authority will be included in the Scheme of Delegation agreed between the Freeport Board and the LCR Combined Authority. The Freeport Board and the Operational Board will work toward the same shared aims and be distinct in their approach. In brief, the Freeport Board will place great emphasis on: • strategy, • oversight, and • issues of high sensitivity/risk/value. The Operational Board will have a complementary emphasis on: • operations (putting the agreed strategy into practice), • partner relations particularly at executive level, • providing clear information for the Freeport Board and stakeholders, and • day-to-day financial and investment management within agreed frameworks. *These Terms of Reference will remain as a draft until adopted by the Freeport Board.*

Accountability	The LCR Operational Board, through its Chair and members are responsible to the Liverpool City Region Freeport Board. The Operational Board Members will be accountable to each other to ensure partnership working is productive, sustainable, and supportive. Reports on progress will be provided to the Freeport Board, who will be able to review performance as reported by the Operational Board. The Operational Board will also seek any senior representative of their organisation on the Freeport Board in advance of Freeport Board meetings and will update other partners as appropriate. Key performance indicators (KPIs) will be developed, used and progress reported.
Functions and responsibilities	The Operational Board is responsible for the following initial activities and, once established, important ongoing functions, among others: **Commencement and establishment activities** • Supporting the development of a Full Business Case (FBC) submission to DLUHC and HM Treasury for Freeport Status across Tax and Customs Sites in the Liverpool City Region for approval by the Freeport Board and its accountable body. • Preparing a Commencement Business Plan (largely drawn from the FBC) for the first year of operation of the Freeport including a strategy for the Freeport. • Preparing a 5-year Strategy setting out the Freeport's ambitions for this period for approval by the Freeport Board and its accountable body. • Within a two-year period from Commencement, or such other period as discussed with the LCRCA and other stakeholders as needed, to support the Freeport Board's review of the Governance arrangements and whether an incorporated vehicle or some other appropriate structure should be established to operate the Freeport. **Ongoing operations** Implement the Freeport Board's policy approach in dealing with applications to the Freeport Seed Investment Fund (including skills and innovation themes). Providing guidance to the Freeport Board on the application and management of the LCR Freeport Gateway Policy and acting on the Board's behalf where authorised to do so. Management of the Monitoring and Evaluation programme. • Considering applications for Customs Sites and Custom Site Operators as required, recommending proposals to the Freeport Board. • Supporting the preparation of an annual business plan and budget for approval at least two months prior to each year end. • Ensure effective marketing arrangements in place for the Freeport to attract private investment into the Freeport.

	• Ensure appropriate non-financial support in place for investors who commit to the Freeport to help deliver their investment. • Ensuring that all funding sources available from programmes in LCR are applied to the development of the Freeport and to ensure that occupiers achieve their growth potential. • Supporting an innovation function which: • Assists innovative businesses where they require input; and • Coordinates and facilitates submissions for place-based innovation or challenge funds and regulatory support for Freeport firms. • Monitoring and maintaining integration with local economic strategies, particularly those supported by LCR Combined Authority and the LEP. • Reporting to DLUHC through the area lead periodically and at least annually on how the Freeport is delivering on its agreed strategy set out in their winning bid. • Overseeing the Establishment of systems and processes to comply with DLUHC's requirements on monitoring and evaluation (such as data collection and provision regarding new jobs, businesses created, and private investment attracted). • Actively managing security risks across physical, personnel, and cyber domains, and working with DLUHC, HMRC, Border Force, the NCA, and Home Office to conduct an annual audit of the security measures.
Membership	The Operational Board will consist of up to twelve permanent members (and with an extended number as needed and in agreement with the Freeport Board Chair), nominated by the members of the Freeport Board. The Chair has the ability to nominate up to three representatives to represent key stakeholders and partners of the LCR Freeport. The Operational Board will meet monthly or such other periodicity as discussed with the Board: • Representative of the Freeport Board's independent chair as Chair of the Operational Board (the Freeport Director) • Representative of the Combined Authority (LCR CA Officer) • Two Senior Officers from the represented LCR local authorities • Representatives from the private sector, including the Port of Liverpool and other nominations of experts with relevant skills and/or interest of benefit to the Freeport's mission. • Representative to cover the skills agenda (likely rotating between the two universities, and other skills providers) • Senior Representative from the LEP • A representative of labour/community interests • Representatives from the three tax sites (Peel L&P, Langtree, and a nominated lead for 3MG) • Representatives from the Customs Site Operators

	• The Operational Board will be deemed to be quorate when any six members are participating in the meeting. • Members of the Operational Board are expected to attend at least 75% of all meetings and should aim to attend all meetings. Attendance will be recorded and monitored. Members of the Operational Board will be asked to provide a named substitute to attend in their stead. Any such named substitute must be appointed accordingly by completing appointment letters.
Equality, diversity, and inclusion	In conducting its business, the Operational Board will always seek to promote its commitment to equality and diversity by the creation of an environment that is inclusive for both its staff and its partners including those who have protected characteristics and vulnerable members of our community.
Communication	The Operational Board will agree communications protocols for sharing and disseminating information within the Operational Board and into the public domain. Progress will be reported, as required and as appropriate, as set out in section 2 above. An open communications style will be adopted on Freeport matters between and on behalf of LCR Freeport landowners, operators, and host local authorities. Where items on the agenda are marked 'confidential' they must be treated as such and not shared physically, electronically or allowed to be viewed by third parties without the consent of the Chair of the Operations Board or in their stead the Chair of the Freeport Board.
Meeting administration and reporting	The Freeport Programme Officer will act as the secretary to the Operational Board and will provide appropriate support to the Chair and Operational Board members. Agendas and papers will be submitted at least 5 full business days in advance of a meeting. A note of all meetings of the Operational Board shall be formally recorded and submitted to the Operational for approval.
Conflicts of interest	Operational Board Members will be required to declare any conflicts of interest as they arise. They will need to adhere to the Seven Principles of Public Life, as drawn up by the Committee on Standards in Public Life more commonly known as the Nolan Principles. Ensuring a balanced approach, conflicts of interest will be managed in line with the LCRCA constitution, and a Conflicts of Interest Policy Statement will provide guidance for the Operational Board (Conflict of Interest Declarations will also be required for each meeting's agenda). All meeting notes and papers will be published therefore any Conflicts of Interest will be publicly transparent.
Decisions	Decisions will be taken by consensus and where this cannot be achieved by a simple majority. In the event of a tied vote, the Chair of the Operations Board can choose to exercise of casting vote or refer the matter to the Freeport Board.
Review	The Terms of Reference for the Operational Board shall be reviewed annually.

K – Trade and Investment Strategy

Simon Reid, Head of Sectors – Growth Platform
11/04/22

1. Introduction - Economic Context for the LCR Freeport

The current economic situation in the UK has evolved significantly in the period from 2019 to 2022. Factors such as the Covid19 pandemic, the war in Ukraine and the new trade rules introduced since the UK departure from the EU have impacted the overall economic climate and the way businesses operate.

The United Kingdom's economy grew by 7.5 percent in 2021, after it shrank by a record 9.8 percent in 2020, due to the economic fallout caused by the COVID-19 pandemic. Despite the success of the vaccine, the UK economy has still suffered from the pandemic. The lockdowns caused a severe recession with GDP declining 9.8% in 2020, the steepest drop since records began in 1948.

On the 24th February 2022 Russia started the invasion of Ukraine. Current concerns revolve around oil and gas prices and potential food shortages. The Consumer Prices Index (CPI) rose by 5.5% in the 12 months to January 2022, up from 5.4% to December 2021. The Bank of England expect it to reach over 7% by spring 2022 and then start to come down after that.

Reasons for rising prices include:
- Demand for oil & gas pushing up global energy prices
- Supply problems causing shortages of many goods
- The end of most Covid-19 government support for businesses
- Difficulty recruiting workers

1.1 The impact on Trade and Investment

UK trade statistics have been volatile over the past 2 years due to a combination of the pandemic, the UK leaving the EU and transition periods. Some sectors have been more affected than others. Exports of goods to the EU decreased 3.5%, and 20% to non-EU countries between September 2018 and September 2021 (before events causing volatility). Imports of goods from the EU decreased 11.5% and from non-EU countries increased 17.3% for the same period.

The top 3 goods exported in 2020 were Cars, Medicinal & Pharmaceutical Products and Mechanical Power Generators. The UK's top trading partners in 2020 were the US, Germany, Ireland, Netherlands & France.

The UK received 9608 inward investment projects from abroad between 2011-2020. The sector to receive the most projects was Digital which received 24% of all projects. This was followed by Business Services (15.5%), Finance (8%), Transportation Manufacturers & Suppliers (6.1%) and Machinery & Equipment (5.4%).

The top 5 countries of origin for UK inward investment 2011-2020 were the US (32.64%), Germany (7.3%), France (5.6%), India (4.7%) and China (4.4%).

1.2 Inward Investment into the Liverpool City Region (LCR)

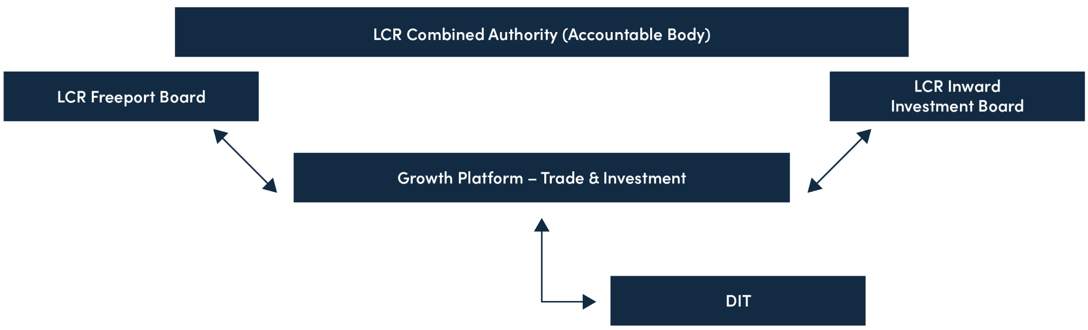
The North West region ranked 4th in the UK for the number of inward investment projects between 2011-2020, with a total of 702 projects (7.3% of total).

LCR secured 125 projects in total for the period. Liverpool received the majority of the projects in the combined authority and ranked 15th in the UK.

1.3 The role of the LCR Freeport in recovery and improved performance

The LCR Freeport provides the region with a major opportunity to help attract new inward investment, incentivise exports and grow the economy with the aim of making the LCR a UK "Top 10" inward investment destination.

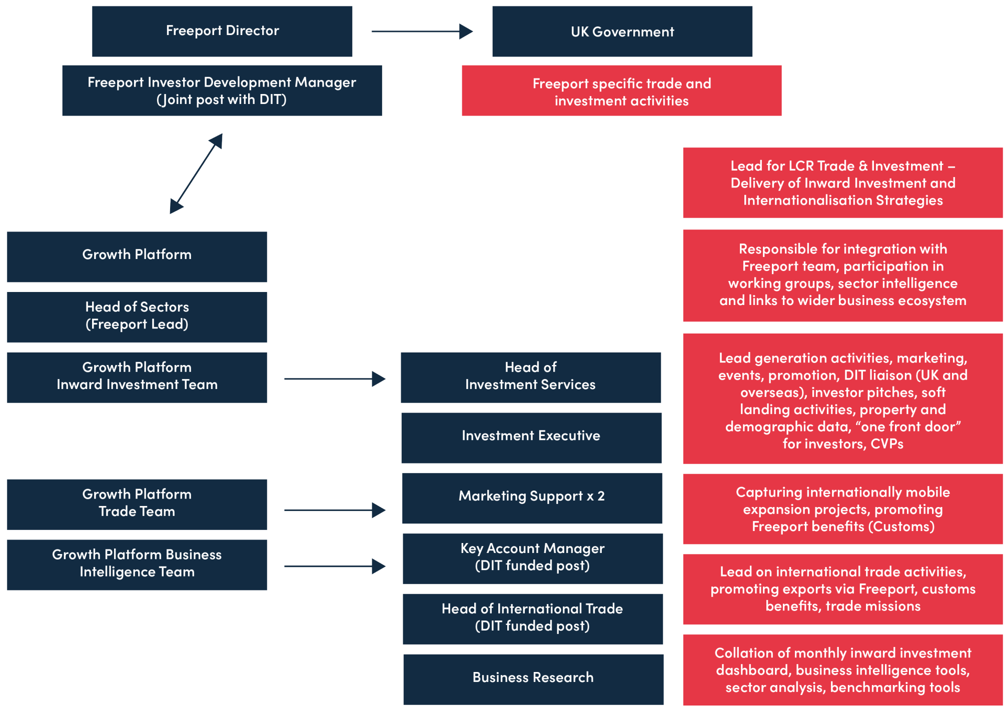
Growth Platform is the Liverpool City Region Growth Company and is commissioned by the LCRCA to deliver inward investment and trade activity on behalf of the Liverpool City Region. Growth Platform has produced an Inward Investment Marketing Strategy and has produced an Internationalisation Strategy and Export Plan. In addition, Growth Platform is developing a new Invest Liverpool City Region website that will both promote, and link to, the Freeport. This is in addition to a suite of Competitive Value Propositions (CVPs) that reference Freeport.



2. Activity Structure

Activity	Responsibility	Resource	Reporting
Inward Investment into Freeport (incl lead generation)	Freeport Director / Growth Platform	Growth Platform	Quarterly to Freeport Director
Trade from Freeport	Freeport Director / Growth Platform	Growth Platform & DIT	Quarterly to Freeport Director
Marketing Activity	Growth Platform	Growth Platform	Quarterly to Freeport Director
DIT Relationship (UK and Overseas)	Growth Platform	Growth Platform	Quarterly to Freeport Director
Market Analysis (Region and Cluster Based)	Growth Platform	Growth Platform	Quarterly to Freeport Director

2.1 Staff Structures (Trade & Investment)



The LCR Freeport team held a trade and investment roundtable with stakeholders (including the tax sites, prospective custom site operators and DIT) to help determine the focus on key market opportunities arising from LCR being granted Freeport status. Namely –

- Automotive (including transition to Net Zero vehicles)
- Biomanufacturing / Vaccines
- Energy (specifically hydrogen)

It was considered that the strength of the LCR's West Coast geography, and therefore our pre-eminence in Transatlantic trade (45% of all US/UK trade passes through the Port of Liverpool) and attending Irish Sea trade (EU border is in the Irish Sea) should be the focus. That is not to say that other territories or opportunities have been discounted (see illustration below), simply that the LCR has a more competitive position being currently the only Freeport on the West Coast. In addition Germanys long standing status providing FDI into the LCR should be recognised also.

Finally the group thought it important to acknowledge the genuinely multimodal make up of the LCR Freeport and the ability to connect trade with the South Coast, the East Coast and the rest of the UK via modes other than road transport.

Liverpool City Region Freeport

2.2 Liverpool Freeport Overview

Markets / Commodities	International Opportunities	Freeport Capabilities
Automotive Biomanufacturing (vaccines) Food and Drink Energy (incl hydrogen) Chemicals	North and South America Germany Ireland France	International connectivity (now and future) UK connectivity Multi modal capability Land Availability Freeport Benefits

Freeport Trade and Investment Activity

LCR Competitive Value Propositions (CVPs), Business Intelligence, Key Intermediaries, International Outreach, Media Campaigns, Conferences and Events, DIT, Trade Missions etc.

3. Growth Platform's role in supporting Freeport Inward Investment Activity

3.1 Development of sector specific Competitive Value Propositions (CVPs)

Competitive value propositions (CVPs) have been completed and agreed by the LEP Sector Boards for Advanced Manufacturing, Health and Life Sciences and Digital (Digital Creative, Digital Tech). The CVPs will support content marketing, provide the basis for primary messaging within campaign specific activity and to support inward investment enquiries and proposals. Further CVPs have now been developed for Port & Logistics and Professional Business Services which is awaiting final sign-off from sector boards and will be complete by end April 2022. A further CVP is being prepared for Clean Growth. All CVPs will reference the Freeport opportunities (both customs and tax benefits).

3.2 LCR brand activation

Work continues developing the LCR inward investment brand. The LCR stakeholders are now working on an accepted positioning of 'Culture to Inspire' and Growth Platform are currently working on the creative and visual identity for the revised brand proposition with a view to complete this phase of work mid-May 2022. In addition a tender is about to be issued for a web developer to create the "Invest Liverpool City Region" website. This will both reference, and link to, the Freeport website. It is anticipated that the revised brand, tool kit and website will be launched in June 2022.

3.3 Content development and content marketing

As part of the brand commissioning, Growth Platform are working on updating and creating new content for the new 'Invest Liverpool City Region' website and marketing collateral. This includes sector specific brochures that incorporate the CVP themes and reference the Freeport benefits.
As part of the content marketing strategy, the SEO agency have mapped out the keyword strategy that will support the development of content and how the new inward investment website will be

found on search engines. The second phase of the SEO commissioning is to be finalised in the coming weeks and will likely include regular production of content to support the SEO strategy over the next 12 months (including the Freeport).

3.4 Sector specific marketing:

Growth Platform are in the process of finalising the sector specific marketing campaigns and the full programme will be agreed by the end of April 2022 with partners. Sector campaigns will all reference the Freeport.

3.5 Developing strategic marketing partnerships

Growth Platform continues to work closely with investment intermediaries to target and build engagement with and who will receive the new brand toolkit alongside new sales tools we develop. This will include Freeport stakeholders (customs and tax site operators for example).
Finally Growth Platform has established processes to track and monitor the progress of leads and enquiries through the CRM which can be reported to the Freeport Director quarterly (see above).
Growth Platform continues to create the dashboard reports to provide the evidence and insight base across all stages of inward investment covering prospects, leads, enquiries, landings and referrals into the business growth programme. The analysis work also includes outward investment from the LCR and is being led by the Business Intelligence team, who also support data/evidence requirements for inward investment proposals as well as market research.
The Business Intelligence team are now producing reports using the new FDI Markets tool which is producing lists of around 20 potential prospects that are picked up by the inward investment sales team.

All Freeport leads and enquiries can be tagged and are searchable within the CRM system.

4 US Automotive opportunities for the Liverpool Freeport

The Liverpool City Region has a unique geographical advantage when it comes to Transatlantic trade to support the automotive sector being the only English Freeport on the West Coast of the UK. There is a historical precedent for high levels of trade and investment between the US and the LCR and 45% of all US/UK freight passes through the Port of Liverpool.

On the 25th of October 2021 Growth Platform and DIT (US) held an LCR and US Ports Freeports Roundtable led by Minister Mike Freer. The roundtable allowed the Minister, the British Consulate, and the Liverpool City Region to draw important insights into the priorities of US Ports in attendance with the goal of developing mutually beneficial opportunities for both sides of the Atlantic. Among the key points of interest during the roundtable were EV supply chain, and energy transition with a focus on hydrogen.
Growth Platform commissioned the Freeport Hub to support in terms of identifying the market opportunities in the US in the automotive supply chain (and similarly for biomanufacturing and hydrogen).

The market size, measured by revenue, of the Car & Automobile Manufacturing industry is $ 86.2 billion in 2022 in the USA and is expected to increase 4.3% in 2022. The volume of gasoline displaced in the United States due to the increased use of light-duty electric vehicles has steadily risen to some 500 million gallons. This was over fourfold the volume in 2015, which reached some 111 million gallons. All-electric vehicles were responsible for 72 percent of the 2020 gasoline displacement.

With the US market looking to compete with China as a major hub for electric vehicle and battery production, it is likely to remain a major market for UK-based automotive businesses, especially for sports, premium and luxury manufacturers. Moreover, the US has been ranked the fourth largest growth market in production terms, with the sector predicted to grow by more than 12% by 2025.

In the fourth quarter of 2021, just under 147,800 battery electric vehicles had been sold in the United States. This was a year-over-year increase of just under 72 percent compared to the sales recorded in the fourth quarter of 2020.The fourth quarter of 2021 also recorded a hike in sales compared to the third quarter of that same year, making it the best quarter for BEV sales in the country across the past two years.

As of 2020, when examining the combined volume of the UK's export footprint, more than 80% of car exports go to the broader European region (EU, other Europe) and North America, therefore demonstrating the importance of these regions as key market hubs.

USA is the largest as a share of UK export volumes, at 17.7%. The USA is important to premium and small volume manufacturers in particular (accounting for 23.4% and 26.7% of their exports respectively. North America has represented a significant trade market for UK automotive businesses, with 20.9% of UK cars exported to North America in 2020. The UK is home to more than 30 sites operated by US automotive manufacturers and suppliers, whilst bilateral trade of finished vehicles, parts, components, and engines to both Canada and Mexico are some of the UK's most valuable imports and exports.

The US, Canada and Mexico are parties to the USMCA deal, the successor of the North American Free Trade Agreement, concluded in 2019 and implemented from July 2020. The deal contains several provisions of importance for the regional automotive sector, including very ambitious – and very demanding – origin rules strengthening the role of North American supply chains. At the same time, the US, Canada and Mexico are all engaged in different discussions with the UK to redefine some key aspects of their trading relations. As both a major export destination and a key market for imports, the US remains one of the UK's most crucial trading partners. The US is responsible for the largest share of the UK's export volumes at 17.7%. As a single country, this ranks first amongst the UK's trading partners, and second only to the EU when taken as a group.

The launch of formal FTA negotiations between the US and the UK in 2020 was a welcome first step to promote bilateral trade and ensure predictability by defusing tensions. However, the election of President Joe Biden has changed the US priorities in the trade policy area, with the new Administration focused on resetting trans-Atlantic trade relations by engaging in discussions of pre-existing trade disputes and systemic reforms of the global trading framework with European allies. The resulting stall in bilateral negotiations of a deal between the US and the UK does not encourage optimism for a prompt deal, but the automotive sector would still greatly benefit from a final settling of trade irritants and from a bold restart of trans-Atlantic trade relations on a new, more solid basis.

Efforts by the UK government to diffuse trade tensions have been welcomed by the automotive industry over the past year. The suspension of retaliatory tariffs in the Airbus-Boeing dispute was an achievement for the US, the EU and the UK. Further progress on questions regarding national security and ongoing talks to de-escalate tariffs on steel and aluminium can potentially stabilise trade routes across the Atlantic, with great benefit for manufacturers and consumers.

It is also important that any tariff rebalancing measures, enforced by the UK on US imports in response to additional tariffs on steel and aluminium, do not weaken the UK's manufacturing capabilities with regards to battery and electric vehicle production. Understanding the value of imports of US parts for electric accumulators – a key component in the manufacturing of battery fuel cells – will be important to understanding the potential impact should the UK chooses to impose additional tariffs on these products. Elsewhere in North America, automotive has been engaged with the UK's renegotiation of its trade arrangements with Canada and Mexico. An agreement to modern rules of origin and a dedicated automotive annex would greatly improve the terms of trade between the two countries, with increased market access for both parties, lower regulatory barriers and more automotive products qualifying for tariff free treatment. Meanwhile, Canada represents the eighth largest export market for UK-assembled vehicles with 11,500 cars shipped in 2020. In value terms, Canada is also an important destination for UK engines and most typical parts and components, with exports of these products worth more than £61 million.

The EU–UK Trade and Cooperation Agreement is a free trade agreement signed on 30 December 2020, between the European Union, the European Atomic Energy Community, and the United Kingdom. An area of the TCA agreement that is of great importance to the sector is the new origin protocol setting requirements to unblock tariff free treatment for originating products. The focus during negotiations was on agreeing workable value-added thresholds or alternative rules of origin ensuring that the vast majority of automotive products could avoid paying tariffs. In principle, most automotive businesses with manufacturing operations in the UK and in the EU seem able to comply with the new TCA origin requirements. However, proving preferential origin is challenging, even if the parties agreed on a grace period to provide supporting evidence for preferential origin claims. To ensure compliance, some businesses have decided to pay the tariff in the first place while working out the origin of their products and claim a reimbursement at a later stage, with obvious impacts on cashflow.

Businesses with significant manufacturing operations in the UK sourcing materials from Euro-Mediterranean countries have also struggled to comply. Preferential origin of automotive products manufactured in the EU/UK region is not maintained when the goods are further processed in third countries. For example, the process of upfitting vehicles in the UK to become wheelchair accessible might not be enough to avoid tariffs on exports to the EU of these essential products if the vehicles upfitted in the UK are sourced from Turkey – even if they incorporate British-made engines.

All businesses without manufacturing operations in the EU or in the UK have suddenly faced major tariff risks, with origin requirements applicable exclusively to goods that are further processed in the territory of the parties. In particular, UK-based regional distribution centres of auto parts servicing the Republic of Ireland and other EU destinations have often faced the risk of paying tariffs on all movements into and out of the UK.

Although origin rules for electrified vehicles and batteries are very accommodating until the end of 2023, everything will change from 2024 onwards, when much tougher requirements will be phased in. The end rule demands originating batteries to be incorporated in BEVs and PHEVs by 2027 to trade these vehicles tariff-free. Localising a significant proportion of manufacturing processing for cells and battery packs will be essential to maintain tariff-free market access, including through production of active cathode materials and coating of cathodes.

The LCR Freeport will seek to provide an incentivised Port centric manufacturing location for companies engaged in the automotive supply chain as the sector moves closer to zero emissions targets, by offering a UK location that connect the US, the UK and the EU to a collection of tax and customs advantages and a highly skilled workforce and knowledge base.

The Automotive sector contributes £830million to the Liverpool City Region economy, equivalent to 2.5% of total GVA and 21% of manufacturing GVA. The sector contributes a greater share of total GVA in the City Region economy than nationally or across the North West (LQ 2.9). Over the last decade output from the sector has grown on average by 14% per annum, compared to just 5.7% nationally. The Automotive sector currently employs 7,000 people in Liverpool City Region; approximately 1.0% of all employment jobs (15% of manufacturing jobs). There is a greater concentration of Automotive jobs in Liverpool City Region than on average nationally or across the North West. Over the last 10 years the Automotive sector in Liverpool City Region has experienced a rejuvenation, with employment numbers increasing by approx. 3,000 and output more than doubling.

The sector was a key contributor to the recovery of the City Region economy after the Global Financial Crisis – with nearly 35% of net additional GVA generated in the City Region economy since 2009 attributable to the Automotive sector.

The Liverpool City Region Freeport is unique in its ability to converge UK, US and EU supply chains. 65% of the UK population is within 150 miles radius of the Port of Liverpool. It is also a major Irish Sea shipping hub with ro-ro ferry services to the Isle of Man, Dublin and Belfast and container feeder services to Dublin, Belfast, Cork and Glasgow. For connections with deep sea container services to destinations globally there are also container feeder services from Liverpool to Channel Ports such as Southampton, Le Havre, Antwerp, Rotterdam, Bremerhaven and Hamburg.

NORTH AMERICA

Liverpool is a major deep sea container port for the transatlantic trade to North America. The transatlantic routes directly served from Liverpool include:

- Atlantic Container Line (ACL) 'A' Service CON-RO North Atlantic transatlantic loop

Port rotation is Hamburg, Antwerp, Liverpool, Halifax, New York, Baltimore and Norfolk (also used by Hapag Lloyd Line as ATA A-Service)

- 2M Alliance TA2 Service NEUATL2 transatlantic loop (Maersk and MSC)

Port rotation is Bremerhaven, Antwerp, Le Havre, Liverpool, Newark, Baltimore and Savannah

- 2M Alliance TA4 Service NEUATL4 transatlantic loop (Maersk, Hamburg Sud and MSC)
- Hamburg Sud EUNA4
- North Europe – North America East Coast transatlantic loop

Port rotation is Antwerp, Rotterdam, Bremerhaven, Liverpool, Newark, Savannah, Charleston, Port Everglades and Antwerp

- MSC Montreal Express transatlantic loop (MSC, OOCL, COSCO Shipping and Hapag Lloyd Line)
- OOCL / COSCO Gateway Express 1 (GEX1) and Hapag Lloyd AT1 St Lawrence Route 1

Port rotation is Antwerp, Bremerhaven, Le Havre, Liverpool and Montreal

These established routes connect the US, UK and mainland Europe and can be supported by rail and air freight capability across the UK due to the multimodal nature of the LCR Freeport.

As part of the Freeport Trade and Investment strategy Growth Platform will work with DIT, BEIS and other intermediaries (like SMMT) to determine supply chain opportunities in EV in the UK market and explore using the Freeport tax and customs benefits to incentivise inward investment from US auto companies serving the UK and Ireland (and potentially EU) into the UK. Similarly from a UK export perspective.

Many US and European car manufactures have presence in the US, the UK and the EU. The LCR Freeport will commission research to provide use cases for supply chain efficiencies and cash flow advantages for the automotive sector of the Freeport customs instruments.

Selected automakers' U.S. YTD market share in 2021, by key manufacturer according to Statista

- General Motors (15.15%)
- Toyota MotoCorp (15.09%)
- Ford Motor Company (12.63%)
- Stellantis FCA (11.8%)
- Honda motor company (9.7%)
- Hyundai Kia auto group (9.7%)
- Nissan motor co (7.21%)
- Volkswagen group (4.21%)
- Subaru Corp (4%)
- BMW group (2.48%)
- Daimler (2.2%)
- Mazda (2.19%)
- Tesla (2.02%)

Working with DIT posts overseas and BEIS account managers in the UK we would look to present an LCR Freeport Automotive prospectus to promote the region as an opportunity for US, UK and EU trade in the sector.

5 US Biomanufacturing / Vaccines opportunities for the LCR Freeport

In the LCR Health and Life Sciences contributes £2.1bn in GVA and supports 49,595 jobs across 3,910 companies. This represents 5.1% of the City Region business population. The incidence of High Growth & Ambitious businesses is higher in the Health & Life Science sector in Liverpool City Region than the overall business base. Liverpool City Region has a higher concentration of High Growth & Ambitious Health & Life Science companies than across England overall.

The Liverpool City Region has long been a location of excellence in health and life sciences, where world leading research and development aligns with global pharmaceutical manufacturers.
The City Region has now formally been recognised by the Department for International Trade (DIT) as a location for vaccine discovery, development and manufacture and will be actively showcasing this

opportunity to international investors over the coming months and years. Its credentials as a compelling location for vaccine development and manufacturing, spanning R&D, clinical trials, manufacturing and digital infrastructure will be formally launched in April 2022. Drawing on the best of research, workforce, innovation and digital infrastructure, companies will be able to develop and validate new vaccines and vaccine technologies that will improve the quality of life of people globally.

This is an opportunity to access world class disease and vaccine research, a flexible vaccine manufacturing ecosystem and a dynamic supply chain and logistics network. The Liverpool City Region has been key to the success in the vaccine innovation and manufacturing of the COVID-19 vaccine due to its established vaccine, biotech and wider life sciences ecosystem. Companies who invest in the City Region can become part of the Regions wider life sciences clusters. A strong health ecosystem offers companies a launchpad into the vaccine industry, from accelerating R&D to product development, access to expertise and regulators, alongside a wide network of NHS trusts, all in close geographical proximity.

The designation of the Liverpool City Region as a location for Vaccine Development by the DIT couldn't be more timely with the global vaccines market size expected to reach £53 billion by 2028, registering a CAGR of 7.3% over the forecast period (2021 – 2028). Major factors driving this growth are rising prevalence of infectious diseases, increasing government funding for vaccine production, and growing emphasis on immunisation.

A critical element of the City Region's offer is the pioneering cluster of technical expertise at the Liverpool School of Tropical Medicine (LSTM) and the University of Liverpool (UoL) to develop new vaccines and vaccine technology.

Liverpool John Moores University is home to The Centre for Natural Product Discovery, investigating several key aspects of natural products and their pharmaceutical prospects. The Infection Innovation Consortium (iiCON) is a leading global centre for infectious disease R&D bringing together industry, academia, and the NHS in a collaborative effort. The Liverpool City Region is also home to the world's first end-to-end response to pandemics through the global Pandemic Institute which has been set up to accelerate response to current and future pandemics, unifying intelligence and generating scientific excellence. Potential investors will join innovative leaders in biopharma, biotech and vaccines, such as Astra Zeneca, Seqirus, Bristol Myers Squibb, Pharmaron, TriRx, Teva and many others. They can accelerate discovery through data, data analytics and powerful computing with the help of key assets such as LSTM, Hartree Centre and the Centre for Genomic Research. To support digital manufacturing in vaccines, investors will reduce risk and cost by accessing a £15m funded programme aimed at accelerating the implementation of innovative physical and digital manufacturing technologies at the Digital Manufacturing Accelerator.

The Liverpool City Region is part of the Liverpool - Manchester life sciences corridor, which is one of the UK's top biomedical clusters. At the heart of this is the Liverpool Knowledge Quarter in the City Centre - home to the Universities, NHS Trusts and research establishments. Biopharma manufacturing takes place across the City Region, with a concentration in South Liverpool. This is supported by other key innovation assets in the City Region including Sci-Tech Daresbury, the home of UKRI, STFC and the National Centre for Digital Innovation, and The Heath, a multi-occupancy business and science park in Halton. The City Region is served by Liverpool and Manchester airports covering 200+ global destinations. The Port of Liverpool provides deep water port with more services to and from the US than any other UK port. Freeport status provides significant customs advantages for importers and exporters, alongside capital and other financial incentives for vaccine manufacturers.

Similar to the automotive / EV approach there will be a proactive approach on US market opportunities to leverage the LCR's transatlantic pedigree and inherent geographical advantages for UK/US trade flows. The United States accounts for 39.4% of the global biotechnology industry value. The United States biotechnology industry grew by 0.9% in 2020 to reach a value of $ 208.2 billion. In 2025, the United States biotechnology industry is forecast to have a value of $270.9 billion, an increase of 30.1% since 2020. The compound annual growth rate of the industry in the period 2020–25 is predicted to be 5.4%.

In the vaccines market North America generated revenue of USD 29.42 billion in 2020 and is anticipated to emerge dominant in the global market. Steady and dominant growth of the market in North America is expected to grow steadily and is expected to hold the dominant market share due to the number of factors that include vaccination awareness, the presence of strong manufacturers, and secure government policy regarding health welfare.

IPAs (investment promotion agencies) rank food and agriculture, information and communication technologies (ICT) and pharmaceuticals as the three most important industries for attracting foreign direct investment in 2021. While food and agriculture has always been considered important for attracting FDI, especially by developing and transition economies, ICT and pharmaceuticals are seeing an increase in interest because of the pandemic.

A survey found that entry restrictions on investment in health are rare. Only 18 developing countries impose FDI bans or ceilings in at least one of the three segments of the health sector analysed, namely the manufacturing of medical equipment, pharmaceutical production and biotechnology, and healthcare facilities and medical services.

Top 10 Pharmaceutical manufacturing companies in the US by Revenue:

- Johnson & Johnson
- Abbvie Inc. (location in the LCR)
- Novartis Pharmaceutical Corporation
- Merck & Co., Inc
- Abbott Laboratories
- Gilead Sciences, Inc.
- Amgen Inc.
- Celgene Corporation
- Viatris Inc.
- Biogen Inc.

United States' top vaccine manufacturers are Merck & Co., Inc., which manufactures HPV, HepB, RV, varicella, and varicella-zoster vaccine; Sanofi Pharmaceuticals, which produces Haemophilus b, DTaP, influenza, rabies, IPV, MCV4, TD, and YF vaccines. Johnson & Johnson manufactures experimental Ebola, HIV, RSV, and Zika vaccines. Pfizer produces pneumococcal and MCV4 vaccines.

Similar to the automotive example above the LCR Freeport team will look to engage DIT posts overseas and BEIS account managers in the UK, as well as the UK Vaccine Taskforce, to explore the opportunities to leverage pre-existing relationships and promote the LCR Freeport benefits not just for manufacturing / fill and finish but also for research and development opportunities.

6 Hydrogen

The Liverpool City Region, led by the Mayor Steve Rotheram, became the first in the UK to declare a climate change emergency back in 2019 and collectively committed to reaching Net Zero Carbon by

2040 - a decade ahead of the national target. And it is ideally situated to achieve this, harnessing the unique natural resources of its UK west-facing port location, together with an entrepreneurial spirit that innovates and reinvents to create a way forward to tackle the challenge.

There is a £3bn+ pipeline of investment-ready innovation projects to foster growth and investment across key growth sectors that are centred around co-creating new approaches, expanding successful innovation programmes, delivering transformational R&D projects, and radically increasing innovation impacts. With the implementation of a targeted investment programme in major capital investments and R&D, the City Region has become the UK's renewable energy coast, building on existing strengths and natural assets. Offshore wind in Liverpool Bay has already helped to make the UK the largest producer of wind power in Europe, and production is set to triple by 2032 with expansion into two new fields. The Liverpool City Region has a number of projects and assets to help reach Net Zero Carbon by 2040, which include HyNet.

HyNet North West has committed a £72m investment in the Liverpool City Region towards transforming the region into one of the world's first low carbon industrial clusters. The HyNet programme is one of just two carbon capture, usage and storage schemes nationally to be selected for further development by government and will produce hydrogen to replace fossil fuels in transport, industry and homes, while also capturing and storing carbon dioxide produced by energy-intensive industry. The far-reaching project includes a world first trial with international glass manufacturer NSG Pilkington to produce float (sheet) glass using hydrogen at its St Helen's plant in the Liverpool City Region.

While there is other parts of the UK focussing on hydrogen as an investment opportunity the LCR is the only one on the West Coast of England with established trading links with the US. Hydrogen opportunities on both sides of the Atlantic was one of the opportunities identified at the LCR/US Ports roundtable with Minister Freer as worthy of further joint exploration.

According to the report published by Allied Market Research, the global carbon capture, utilization, and storage (CCUS) market generated $1.9 billion in 2020, and is projected to reach $7.0 billion by 2030, witnessing a CAGR of 13.8% from 2021 to 2030. The UK outlined its intention to establish four CCUS industrial clusters by 2030, capturing 10 Mtpa of CO2 and announced a £1 billion CCUS infrastructure fund.

Carbon capture, utilization and storage (CCUS) looks set to become one of the next major talking points in energy, as countries around the globe struggle to reduce carbon dioxide (CO_2) emissions and fulfil commitments to reduce production of greenhouse gasses. The scale of the impact of national lockdowns and the global economic slowdown caused by COVID-19 has been clearly demonstrated by the significant drop in global carbon emissions over the course of 2020 (the International Energy Agency estimates that emissions declined by approximately 6 percent during 2020). With carbon emissions now rebounding sharply off the back of economic recovery, governments around the globe face the difficult task of attempting to continue the suppression of emissions without negatively impacting economic growth. CCUS can play a key role in achieving this objective.

The Global CCS Institute claims, in its 2020 report entitled "Net-Zero and Geospheric Return: Actions Today for 2030 and Beyond", that global emissions must drop 50 percent by 2030 and reduce a further 50 percent from that level by 2040 in order to achieve net-zero by 2050, meaning that a drastic reduction of emissions is required over the course of the next decade and beyond. The report recommends that rapid expansion of CCUS-related infrastructure and projects must be undertaken

in order to achieve this, highlighting that, as of September 2020 there were only 19 large-scale industrial and 2 large-scale CCUS power facilities in operation, with a combined capacity of approximately 40 million tonnes of CO_2 and a further 20 additional projects under development.
2021 was a record year for project pipeline growth for both CCUS and low-carbon hydrogen. Companies were galvanised by increased net zero targets, new policy support and technology advancements. The CCUS pipeline of announced projects grew seven-fold last year, with hub projects becoming an increasingly global, rather than European, trend. The low carbon hydrogen pipeline more than doubled with green hydrogen projects making up 75% of that increase. Australia led the way with the most gigawatt scale announcements in 2021.

Wood Mackenzie is tracking 15 CCUS projects aiming for FID in 2022. If developed successfully, they'll add around 35 Mtpa of new CO2 capture or storage capacity. Every new major project counts in the emerging CCUS landscape, as companies prove up technology, operational reliability, and costs. The projects will also inject significant capital; estimate around US$18 billion of development capex is associated with the 15 project FIDs between public and private sources. Over US$66 billion was poured into hydrogen in 2021, to develop every aspect of the hydrogen value chain from R&D to refuelling infrastructure.

In North America more than 40 new projects and networks have been announced since the release of the 2020 Status Report. The US Energy Act of 2020 passed, which authorised more than US$6 billion for CCS research, development and demonstration. Two large-scale CCS networks with biorefineries were announced in the US Midwest, facilitated by low CO2 capture costs from ethanol production and potential access to 45Q and LCFS incentives. Major growth for CCS policy support emerged in the US. In the 2021 financial year (FY 21) Congress appropriated US$228.3 million for carbon capture, utilisation, and storage (CCUS).

The number of CCS projects in North America is the highest. The United States possesses 16 of the 22 actives or under development projects and the world's largest capture capacity. Once operational, these projects will have a capacity of roughly 40 million tons of CO2. Kemper County coal CCS facility in Mississippi, for example, would be a new power plant with pre-combustion carbon capture. It will collect 65% of emissions (3.5 million tons per year).

The Biden administration has made it clear that it believes CCS will be part of the nation's drive towards halving CO2 emissions by 2030 and reaching net zero by 2050. IHS Markit believes that CCUS capacity in the US has to double every five years through 2050 to contribute meaningfully to the nation's net-zero goal, said Paola Perez Pena, principal research analyst, clean energy technology.
The US could have 125 million mt/year of capture capacity operating by 2031, said John Thompson, CATF technology and markets director. CATF believes the Infrastructure Investments and Jobs Act, signed by President Joe Biden on 15 November, will accelerate the next stage of the industry's growth. The legislation represents "the largest single investment in carbon management provisions since DOE began funding carbon capture research in 1997," CATF said.

US companies operating in the hydrogen sector include Global Thermostat, Carbon engineering, CarbonCure, Blue Planet, Calera, Solidia Technologies, Carbon Upcycling Technologies, C2CNT, C4X. Newlight Technologies, CERT, Carbon Upcycling UCLA, Fluor Corporation, Dakota Gasification Company, Aker Solutions, NRG Energy, Chevron Corporation, Shell. Work will need to be undertaken to ascertain appetite for UK / EU expansion activities, working once again with DIT and BEIS colleagues.
Eleven companies have expressed interest in supporting the large-scale deployment of carbon capture and storage (CCS) technology in Houston. Calpine, Chevron, Dow, ExxonMobil, INEOS, Linde, LyondellBasell, Marathon Petroleum, NRG Energy, Phillips 66 and Valero have agreed to begin

discussing plans that could lead to capturing and safely storing up to 50 million metric tons of CO_2 per year by 2030 and about 100 million metric tons by 2040.

The companies plan to help address industrial CO_2 emissions in one of the largest concentrated sources in the United States. Collectively, the 11 companies are considering using CCS technology at facilities that generate electricity and manufacture products that society uses every day, such as plastics, motor fuels and packaging. There are ongoing discussions with other companies that have industrial operations in the area to add even more CO_2 capture capacity. They could announce their support at a later date and add further momentum toward the city of Houston's ambitions to be carbon neutral by 2050.

Growth Platform and the LCRCA are in active discussions to "twin" the Liverpool City Region with Houston to explore how HyNet and the Freeport can engage in any opportunities for international trade with the Houston project.

7. High Performance Opportunity (HPO) – Vaccine Development and Manufacture

Growth Platform have been working with DIT to establish a High Performance Opportunity (HPO) in vaccine development and biomanufacturing. This will be launched April as the Freeport begins to come online.

Liverpool City Region hosts an established vaccine, biotech and wider life sciences ecosystem sitting alongside growing research, digital and clinical capabilities. Establishing a base in region presents companies with opportunities to become part of one of the UK's largest life sciences hubs due to its dense, sustainable and highly-integrated ecosystem.

This allows inward investors in Liverpool City Region to gain access opportunities across the vaccine lifecycle:

- Discovery
- Development and Clinical Trials
- Manufacturing
- Supply and Logistics

The wider benefits of the Freeport will be promoted alongside the innovation and research capabilities of the LCR to present a compelling message to investors.

8 Freeport Trade and Investment Activity Overview (see attached)

9. Freeport Key Account Management

Out of 125 inward investment projects in LCR for 2011 to 2020, 59% were expansion projects. This highlights the importance of Key Account Management programme, as the majority of projects originated from existing investors. Expansion projects also tend to create more jobs on average compared to new projects, and help anchor the investor in the area. Key Account Management supply chain projects may help identify new projects in the supply chains of existing LCR investors.
The LCR has a varied business base. This section of the Annex summarises the trends, challenges and opportunities for some of the main sectors represented in the region. This summary helps to provide context to the foreign owned company analysis undertaken and could support discussions within the key account management programme.

9.1 Food and Drink

In Q3 2021 the Food & Drink sub-sector was the largest of the manufacturing sub-sectors with a share of 16.8% of UK manufacturing GVA. Output growth forecast for 2021 is 3.1%, which is below the manufacturing average of 7.1%. (BDO)

New trade challenges in the food industry include:

- Rules of origin requirements
- Increased paperwork and preparation required for food and agricultural exports to the EU
- Collapse in groupage movements (particularly affecting small businesses)
- Difficulty recruiting workers, from farming to manufacturing

Investment Trends

Following the pandemic, a spotlight has been shone on health and wellbeing, and this is prompting a trend in health foods. Foods made with healthy ingredients, and things like superfoods are becoming increasingly popular. The lockdowns have also set trends in choosing at home dining options.

- Increased awareness of climate change is also impacting food and drink trends, with an emphasis now more than ever on sustainability. This spans from the food itself (e.g. plant based options or local produce), to the packaging.
- A report by Deloitte on UK Food & Beverage mid-market private equity 2020 investments found that Pet Food, Chilled Food, and Snacks received the most investments.
- Grant Thornton reported that in Q2 2021 the most common sub-sectors for investment deals were alcoholic & alcohol free drinks (18.2%), plant-based foods (12%) and functional foods like ready meals and meal kits (9%).

9.2 Automotive

2020 exports were valued at £30bn, accounting for 10.9% of all UK manufacturing exports. 80% of UK made vehicles are exported abroad.

- Despite shutdowns due to Covid-19 lockdowns, road vehicles remained the UK's most exported commodities by value (£27bn). The industry is the 2nd most valuable exporter of goods, but the number of vehicles produced in the UK has been declining since 2016. In 2020, UK exports of vehicles fell to less than 1m for the 1st time in a decade.
- Trade in parts significantly declined and there was a substantial reduction of the trade deficit in exchanges of typical parts and accessories.
- There was a decline of -2.5% of export volume to the EU in 2020, and -2.7% to North America, but the EU remained the dominant market for UK manufacturers.
- In 2021 Honda closed its plant in Wiltshire and the Society of Motor Manufacturers and Traders (SMMT) reported that investment in the industry were estimated as an average of £1.1bn 2016-19 compared to £4bn 2012-15.

The industry has also been impacted by new trading procedures and paperwork despite tariff and quota-free trade with the EU, and this has led to shortages that have affected production. Covid-19 impacted new car sales, plummeting by over a third in 2020.

- In November 2021, SMMT announced UK car production dropped by more than 40% in October to the lowest levels in 65 years. Reasons for this have been put down a global shortage of semi-conductors and has been exacerbated by the closure of the Honda plant.
- However, SMMT announced that battery electric vehicle (EV) production rose by 17.5%, and the total built in 2021 already exceeds the pre-pandemic 2019 total. Nissan announced it would

move its production of EV batteries from the US to the UK to avoid tariffs when exporting to the EU. Rules of Origins regulation means that UK manufacturers can use parts that have been made in the UK or the EU and not pay tariffs when they export the finished product to an EU country.

Investment Trends

In general, Electric Vehicles (EVs) are a trend that is set to continue growing rapidly because the UK government have set a target for there to be no new petrol or diesel cars sold in the country by 2030. It was announced in November 2021 as part of the Net Zero strategy that £620m would be invested in EV charging infrastructure.

Some recent investments into electric vehicles in the UK are:

- Ford Motor Company have invested £210m in their Halewood plant
- Stellantis are investing £100m in building electric vans at Ellesmere Port, Cheshire
- Jaguar Land Rover is set to become an all-electric luxury brand by 2025
- Bentley are investing £2.5bn to turn Crewe plant into an EV-producing 'dream factory'

9.3 Chemicals

The UK Chemical industry has an annual turnover of £56bn, adding £18bn to the economy annually. It is a highly productive sector, with salaries 55% higher than average and accounts for 20% of UK R&D spend. (CIA)

- As of February 2021, the UK Chemical industry was the country's biggest manufacturing exporter, exporting goods to the value of £57bn, with the EU being the UK's largest market. (CIA)
- Despite a difficult economic climate at the start of 2021, the Chemicals industry faired well with more than 80% of companies reporting that total sales volume increased or stayed the same in Q1 2021 compared to the last quarter of 2020. Non-EU exports saw an increase which offset a temporary fall in exports to the EU.
- The EU Reach system will be replaced by a UK Reach system, which will take time to develop. The HSE will take over from the ECHA in the UK. This means in practice that chemicals businesses will have to comply to two separate systems if they trade with the EU.
- To comply, businesses will have to appoint an EU only representative to take over the tasks and responsibilities of importers for complying with REACH. This can simplify access to the EEA market for their products, secure the supply and reduce the responsibilities for importers.
- These additional requirements are increasing the regulatory burden and costs faced by businesses.

Investment Trends

- A key trend in the future of the Chemicals industry is the rise of digitization and investment in technologies like robotic automation, AI and machine learning to make processes more efficient and increase profits
- It was recently announced that Saudi Arabian chemicals giant Sabic will invest £1bn in its Teeside plant as part of plans to reduce its carbon footprint.
- The implementation of the Made Smarter Adoption Campaign is set to use digitalisation to boost the North West's £10bn chemicals industry.

9.4 Machinery and Equipment

In 2018 the UK ranked 8th in the world for the production of machinery & equipment in value added ($31.8bn). The industry grew at a CAGR of 4.9% between 2005-2018. (Cambridge Industrial Innovation Policy)

- The Make UK Manufacturing Outlook for Q3 2021 reported that the Mechanical Equipment sub-sector was the 3rd worst hit within manufacturing in 2020 in terms of output, declining 20.1%. However, the sub-sector has the highest forecast growth for 2021 at 20.5%. Research revealed investment intentions in the sub-sector to be very high.
- The Electrical Equipment subsector has also performed relatively well in 2021, with an expected output growth of 12.3%. The sub-sector is not as impacted by the shortage of semi-conductors as might be expected as products in this industry are more often of an 'infrastructural' nature.
- Both the Mechanical and Electrical Equipment industries have reported their highest positive demand conditions to be from Europe (about 55% and 70% of companies respectively). However, the figure for Mechanical Equipment is the 2nd from lowest of the manufacturing sub-sectors.
- Export orders in the Mechanical Equipment sub-sector increased 27% in the past 3 months from Q3 2021 and are expected to increase by 28% in the next 3 months. Electrical Equipment saw export orders increase 38% in the past 3 months with an expected increase of 52% in the next 3 months, making the industry the 2nd highest performing for export order growth of the manufacturing subsectors.

Investment Trends

The Machinery and Equipment industry is likely to be influenced by Industry 4.0. It is likely that Internet of Things (IoT) technology will be more commonly used to improve productivity of machinery, digital twinning will be used to test processes, and AR and VR will be used to bridge skills gaps and optimise processes

9.5 Energy

In 2020 the energy sector contributed £27bn in GVA to the UK economy, equivalent to 1.4% of total UK GVA. However, recently volatile economic climates globally have had severe consequences for the UK energy market, leading to the collapse of many UK energy firms and rapidly rising energy prices.

Trade

Following the introduction of new trading rules with Europe, there are a number of new regulations that Energy companies must abide by to trade with Europe. For example, companies must now switch from an EU ETS to a UK ETS. Following the war in Ukraine there is now increased geopolitical focus on energy security.

Investment Trends

The UK Energy sector is undergoing a transition towards meeting the country's target to hit net zero by 2050. This is prompting a rise in green technology companies and investment in more renewable energy sources such as wind and solar power, and green hydrogen. While oil production is set to reduce, global energy demand is predicted to increase by 20% by 2040, so investment in methods to produce and distribute renewable energy will only continue to increase in the coming years.

Recent public and private investments into renewable energy include:

- UK government to invest £20m per year into Tidal Stream electricity
- RES and Octopus have pledged £3bn to produce green hydrogen in the UK

- Spanish firm Iberdola through Scottish Power will invest £6bn in the East Anglia Hub offshore windfarms.

9.6 Biomanufacturing

The Pharmaceutical sector is the 3rd largest in the UK and adds £13.8bn in GVA to the British economy per year on average. (Association of the British Pharmaceutical Industry)

- The pharmaceutical industry is one of the few industries to see its output levels supported by the pandemic due to the unprecedented demand for coronavirus related interventions. It was one of only two manufacturing subsectors to post positive output growth in 2020.
- Predicted output growth for 2021 is low at 0.7%, but this is starting from a high base of 13.6% growth in 2020. Employment levels are also higher now than they were before the pandemic.

Trade

However, the industry is facing some challenges with new trading rules. These include changes to access to funding for R&D, regulatory issues with market authorisation and clinical trials, disruption to medical supply chains at customs, and potential problems attracting talent to work in the industry.

Investment Trends

- Technology is becoming increasingly important within the Pharmaceuticals industry. Digitisation, and particularly AI, are increasingly being used by the industry to accelerate drug discovery and development, as well as for automation of manufacturing processes. There is also an ever increasing need for collecting, analysing and managing data.
- Other trends include flexible production, precision medicine and additive manufacturing.
- US real estate investment company Harrison Street and UK real estate group Trinity Investment Management announced their joint acquisition of Nottingham-based science business incubator BioCity. The £120m deal will see BioCity merge with Knowledge Factory, Trinity's network of science parks, to become WAPG. The merger could create a £450m business operating across 10 science parks in the UK, amounting to 2.6m sqft of labs and offices, and will host 650 high-growth businesses (10% of the UK's life sciences sector).
- The BioIndustry Association announced in October 2021 that a record £4bn has been raised by the UK biotech and life sciences sector in the first 3 quarters of 2021, surpassing last year's total of £2.8bn.

9.7 Paper and Packaging

The UK packaging industry is expected to register a CAGR of 3% over the forecast period of 2020-2026. The Packaging Federation reports that the UK packaging manufacturing industry has annual sales of £11bn.

Trade

- The UK packaging industry has been impacted by recent events in the UK economy. Large decreases in exports throughout 2021 have meant a lower demand for packaging. Furthermore, there has been a global imbalance in container shipping flows caused by the pandemic, and this has contributed to shortages and delays, as well as increased the cost of shipping.
- The pandemic has shifted consumer behaviour even more towards e-commerce, with Salesforce's Q3 2021 shopping index revealing a global online sales increased of 11% year-on-year in the 3 months to September 2021. While this has increased demand for packaging, it has

led to some supply issues with shortages in cardboard when the demand has outstripped the capacity of paper mills.

- Furthermore, there have been shortages in wood and steel for pallets which has contributed to rising global shipping costs, as well as shortages in adhesive tape.

Investment Trends

- As consumers continue to increase online orders, the packaging industry is learning to keep up with demand through technology like automation. Active packaging can be used to improve shelf life/quality and connected packaging uses QR codes to aid both customers and logistics processes.
- The packaging industry is evolving to fit with growing expectations of sustainability. There is an emphasis on designing packaging for re-use or recycling. Initiatives include refillable packaging, returnable packaging, antimicrobial packaging, bioplastics and post-consumer recycled resin.
- Turkish company Eren Paper will invest £500M to acquire a mill in Shotton, North Wales, which it intends to convert in a factory producing cardboard from paper waste. The mill will be powered by biomass fuel and should provide 300 jobs.
- In 2020 UKRI announced that 10 university-led projects would receive £8 million of funding to tackle plastic pollution under the Smart Sustainable Plastic Packaging (SSPP) Challenge.

9.8 Levering the Freeport benefits to support sector growth and investment

Growth Platform commissioned some research to identify which types of investors would benefit from the range of Freeport benefits (customs *and* tax).

Duty Cash Flow Benefit

- 3rd party warehousing providers
- Ambient / long shelf-life food products which normally attract higher tariffs
- Other large volume importers of finished consumer goods which normally attract higher tariffs e.g. plastic household goods or finished garments

Achieve Rules of Origin Benefit

- Prepared food preparations involving some (limited) import of high duty ingredients
- Other advanced manufactured products likely to arise in very specific niches e.g. high value product
- Achieve Capital Allowance Benefit
- Highly capital-intensive industries in which LCR has a differentiated position include:
- Life sciences / pharmaceutical manufacture
- Automotive – creating opportunities to support the shift to zero emission vehicles
- Chemicals (including hydrogen)
- Additional capital-intensive industries currently generating significant investment in the UK at present include:
- Low carbon iterations of products (building supplies)
- Heat network equipment (heat pumps, heat exchangers etc)
- Energy supply activities
- Combined tariff/ VAT and capital allowance benefit
- niche within the advanced manufacturing (especially automotive supply chain)

- low carbon machinery and equipment
- more sophisticated food producers.

9.9 Investor Development Programme

The Liverpool City Region current investor base comprises of a number of businesses which fall in the categories highlighted in the "investor type" category of the Freeport zone, such as pharmaceutical, chemicals, automotive and food and drink. Communication with existing businesses in the area about the Freeport could be key to unlock potential inward investment projects in the zone. Additionally, this could support opening up productive discussions with foreign-owned businesses which are not currently account managed or "hard to reach" in the Liverpool City Region.
Furthermore those discussions about the Freeport could identify further supply chain opportunities for those businesses already in the area, which may benefit from their suppliers being located geographically closer to them.

Growth Platform is working with DIT on a local account management programme of foreign owned companies in the region in order to identify potential inward investment projects and ultimately support further job creation.

Over 60 businesses were identified as located in Liverpool City Region in addition to the 30 currently account managed by the Growth Platform team. A desktop review of each businesses was conducted to provide some background for an approach by the team and for an early identification of potential opportunities for investment projects or issues faced by the business. Each Business was allocated a Red Amber and Green rating (RAG) to provide a simple visual snapshot of key current issues.

RAG Rating categories:

<ins>Supply chain</ins>: This category looks into how the current economic situation has affected the business supply chain.

<ins>Regulations</ins>: Depending on the sector, some new regulations can be restrictive and add a considerable administrative burden and cost to the day to day running of the business. This section also includes considerations of the new immigration regulations and therefore takes into account issues around recruitment and staff shortages.

<ins>Customer base</ins>: This category looks at how the customer base has been affected by the current economic situation.

<ins>Rules of origin</ins>: This section looks at the estimated impact of the rules of origin on the way the business operates.

<ins>Covid 19</ins>: Businesses have been affected in different ways by the Covid 19 pandemic. This category aims to show a positive, stable or negative impact of the pandemic on the business.

These categories were identified from the sectoral overview described above.

Risk assessment:

The following definitions were used for the risk assessment:
- Red: High risk for the business, with potential major impact.
- Amber: Medium or potential risk for the business. The potential risk may be eased by the level of preparation or adaptability of the business.
- Green: Little risk or opportunity for the business.

9.10 Target Opportunities

The review of the sectoral trends, together with Liverpool City Region strengths and assets led to the identification 4 main sectors for further inward investment targeting activities within the Key Account Management activity.

Food & Drink

The Food & Drink sector is a growing and resilient sector. Opportunities which could be associated with the Freeport are mainly around food ingredients with the view to manufacture added value food products in the Freeport Zone (i.e. ready meals) or ambient foods which would attract high duties.

Packaging

The packaging sector has grown rapidly with the rise in ecommerce. Sustainable packaging in particular could represent a good opportunity for LCR, as it could be further supported by the National Packaging Innovation Centre.

Machinery and Equipment

The Machinery and Equipment sector is a sector which would benefit from the Freeport Zone, as it has the potential to create significant added value from its production process and therefore benefit from zero tariff exports.

Batteries and low carbon energy

With the changing automotive sector and the focus on electric or low carbon technologies, the Liverpool City Region is well placed to attract battery manufacturers as it is geographically close to both two of the main car manufacturing plants in the UK and has a strong chemicals industry. Further opportunities also exist in the low carbon sector with the UK supported roll out of Heat Pump technologies and the HyNet programme and potentially tidal.

9.11 Target List

A list of 100 interesting potential supply chain companies was created. These were selected through desk research on the basis of:
- Larger businesses
- Existing UK market share
- Insubstantial existing UK presence
- Other driver of change – growth ambition / capital raise / strategic statement

There are real opportunities around supply chain reshoring stemming from both the current and future potential supply chain issues and the rising costs. Growth Platform has a significant opportunity with the announcement of the Freeport to reach out to those businesses with new, interesting discussions. Growth Platform are now proactively working on the "100 List" (see section 8).

10. Conclusion

The sections above set out the proposed methodology of delivery of an integrated trade and investment programme to support the growth of the LCR Freeport and in turn the LCR economy by stimulating higher levels of international trade. Whilst there is an acceptance that trade and investment can come from anywhere, more targeted activity will be on US markets to leverage existing trade flows and the LCR Freeports west coast location. Specific opportunities in the US include automotive (specifically the transition to electric vehicles), biomanufacturing (specifically vaccines, building on the DIT High Potential Opportunity) and energy (specifically hydrogen).

Furthermore a Key Account Management programme, focussing on existing businesses within the Freeport zone, will run parallel to this activity.

It is the intention for all of the above to work closely with DIT colleagues in both the UK (and in particular the Northern Powerhouse team) and overseas to collaborate on joint activities and leverage existing relationships with target companies in territory.

Liverpool City Region Freeport Innovation Strategy

Version 4

October 2022

Contents

Introduction

This Innovation Strategy has been prepared to support the development and delivery of the LCR Freeport programme, and forms an important part of the associated Full Business Case.

This explicitly builds on and is fully aligned to the LCR's well-defined, and long-established wider innovation agenda, structures, priorities and pipeline programmes, and directly linked to our North Star ambition to be investing 5% of GVA per annum in R&D by 2030, nearly double the UK target.
The structure to this strategy is based on the guidance for Freeport Innovation Strategies prepared by the Freeport Hub for 'Establishing hotbeds for innovation' as one of the three core objectives of the Freeports programme set out in the Freeport bidding prospectus (November 2020).

"Innovation in Freeports jointly supports other core Freeports objectives as it creates new markets for UK products and services, and drives productivity improvements, bringing jobs and investment to Freeport regions. Innovation at ports will also be a key aim of the 2025 Border Strategy."
Innovative activity in Freeport locations can be characterised into 3 distinct areas of focus. Potential Freeports could focus on any, or all, of these in outlining their innovation ambitions.

Port-specific innovation – innovation that directly benefits air, rail or maritime ports, e.g. autonomous cranes and cargo-handling equipment, digital security, customs software that can track goods across a broader area, etc.
Port-related innovation – innovation that indirectly benefits air, rail or maritime ports or their supply chain, e.g. autonomous transport, modern methods of construction, industrial decarbonisation etc.
Non-port-related innovation – innovation unrelated to air, rail or maritime ports that can take advantage of port-proximate locations or the Freeport wider offer, e.g. pharmaceuticals, quantum technologies, advanced materials, robotics, AI etc.

LCR innovation context

Introduction & Overview

There is unprecedented UK government policy and investment focus on innovation and place, as most recently set out in the 2021 Innovation Strategy and 2022 Levelling Up White Paper.
At the same time, the Liverpool City Region (LCR) has one of the most highly developed place-based approaches to innovation in the UK, as reflected in our headline ambitions to be net zero by 2040 and to invest 5% of GVA in R&D per annum by 2030.

This is nearly twice the national average target of 2.4% GDP investment by 2027 across the UK, which, in combination with the logic of the government's levelling up agenda, will require a small number of places with the capabilities to do so to significantly out-perform the rest.

The Liverpool City Region is one such place, and advocating the co-creation and co-investment of a multi-annual place-based programme of scalable/transferable innovation approaches and major R&D projects that will deliver on UK levelling up, science superpower, global Britain, and overall productivity agendas is now a Combined Authority and LCR priority accordingly.

The LCR Freeport programme is integral to delivering this wider, long-term vision, which is founded on:

- Our longstanding pedigree of world-changing invention and applied science, e.g. the world's first commercial wet dock, the birthplace of the railways, and as the home of the Lever brothers landmark mission to 'make cleanliness commonplace', Beecham's first pill factory, Pilkington-pioneered float glass, and the first tropical diseases research institute.

- Demonstrable, distinctive world-leading capabilities and competitive strengths in infection prevention & control, materials chemistry and AI solutions & emerging technologies
- An evidence-based smart specialisation approach: the seminal BEIS-commissioned LCR+ SIA published in September 2017, the recently published LCR+ SIA2 that added "Net Zero & Maritime" as an emerging strength to the original trio highlighted above , plus proprietary innovation logic model and metrics.
- Major emerging strengths and world firsts in offshore wind, hydrogen, tidal energy and industrial decarbonisation, towards realising the LCR's 2040 net zero target.
- World class assets: Unilever's global R&D HQ at Port Sunlight, leading Gates Foundation recipient the Liverpool School of Tropical Medicine (LSTM), the University of Liverpool's Materials Innovation Factory (world leader in materials chemistry and lab automation), and the STFC Hartree Centre (the world's most powerful supercomputer dedicated to solving industrial R&D challenges) in partnership with IBM.
- **UK-leading science campuses:** Knowledge Quarter Liverpool and SciTech Daresbury (sister to STFC Harwell), plus other emerging asset-based clusters across the LCR.
- £2 billion innovation infrastructure investment in the 5 years pre-pandemic
- £1 billion live projects, including major recent industry-led investments to solve critical challenges and unlock UK/global market opportunities:
    - £210 million STFC Hartree National Centre for Digital Innovation: de facto national AI solutions centre, consolidating IBM's global research lab at Sci-Tech Daresbury and the only IBM discovery accelerator outside the USA.
    - LSTM-led iiCON (infection innovation consortium) programme: 1 of only 6 UK Round 1 Strength in Places Fund projects, targeting £1B investment in 10 years, and within 2 years has levered over £200m from £18.6M UKRI funding and brought 12 new products to market that have deployed 4+ billion units worldwide.
    - Glass Futures - global glass industry-led R&D, innovation and training hub plus wider foundation industries innovation and decarbonisation campus = a transferable model.
    - Hynet – pan-NW/North Wales hydrogen innovation programme, including world 1st industrial fuel switching at Pilkington and Unilever.
    - 212km LCR Connect gigabit capable core fibre network being delivered via an innovative international commercial JV.
- A £3 billion R&D project pipeline, over and above the £multi-billion Mersey Tidal – the UK's largest public sector led renewable energy project
- Scalable business innovation & diffusion programmes: LCR 4.0/Made Smarter, Future Innovation Fund, and LYVA Labs – the LCR's first dedicated innovation commercialisation vehicle aiming to dynamise our business innovation ecosystem
- A proprietary asset-based approach to cluster development
- Integrated approach to skills & focus on both inspiration and fusion skills for innovation – evidenced by the UK's first dedicated "innovation skills for growth" action plan.
- Established leadership, governance, partnership, assurance, and administrative architecture – through the LCR Innovation Board plus the Metro Mayor and CA itself.

The LCR's place-based agenda has received two further major recent boosts with the September unveiling of LCR as one of only two national pilots for UKRI/Innovate UK's new Launchpad programme, plus the fact that LCR is one of a small number of places in the first wave of developing a formal partnership agreement and action plan with Innovate UK, to be launched on 10 November.
Maximising our distinctive innovation assets and capabilities is also at the very heart of the LCR's new Plan for Prosperity, which sets out the long-term economic strategy for the City Region and enshrines net zero by 2040 and the 5% of GVA annual R&D investment targets our two numerically specific North Star ambitions.

Institutional Landscape

The Government's Innovation Strategy has highlighted the important role played by the UK's world leading research base, notably our universities, in attracting investment and bringing ideas to market. Together with STFC, HEIs play a similarly critical role in undertaking research, catalyzing innovation, and developing the skills and talent needed for a thriving innovation system.

1 University of Liverpool (UoL)

The UoL is a Russell Group university with a focus on environmentally responsible innovation, collaborative research and development, and business interaction and support, particularly in the core areas of advanced manufacturing, materials innovation, digital and autonomous systems, data analytics, renewable energy and decarbonisation. Expertise relating to key themes of the LCR Freeport is summarized below.

Table 2.1: UoL Research Institutes, Schools and Affiliations

Research Institutes, Schools and Associations	Specialisms
Climate Futures	Focus on meeting the multi-disciplinary challenges of climate change with the city region's 2040 Climate Action Plan Guiding Principles, and international agreements and national government strategy to mitigate carbon emissions
N8 Net Zero North DeCarboN8	Green recovery programme and decarbonising public transport
Stephenson Institute for Renewable Energy (SIRE) Materials Innovation Factory (MIF)	Battery technologies for energy storage, solar PV and biomass energy Hydrogen production and storage, CO_2 conversion and capture
National Oceanography Centre (NOC)	Colleagues in Environmental Sciences and Engineering providing essential support for climate change modelling, simulation and impact assessment
Virtual Engineering Centre (VEC)	Simulation and digital visualisation, design and implementation of modular nuclear energy solutions

Digital Innovation Facility (DIF) Institute for Digital Engineering and Autonomous Systems (IDEAS, incorporating the VEC) Geographic Data Science Laboratory	Development, test and trials of innovative 'green' solutions, data, sensors and digital infrastructure IDEAS - simulation and autonomous systems
UK Consumer Data Research Centre	Cyber security, data analytics, consumer patterns, and monitoring the environment
Heseltine Institute for Policy, Practice and Place Centre for Sustainable Costs and Oceans Marine Spatial Planning in the Liverpool Institute for Sustainable Coasts and Oceans	Policy and planning
Starting Well, Living Well, Ageing Well	Reducing Health and Social Inequalities, Child Friendly Cities, and Health Ageing
Environmental Assessment and Management research centre	WHO collaboration centre for Health in Impact Assessment Developing a network of distributed sensors for monitoring air quality and the effectiveness of blue and green infrastructure on environment quality in the urban environment

Particularly significant for Freeport purposes are:

- The National Oceanography Centre, which provided the key global oceanographic climate change data underpinning the 2015 Paris Agreement
- The Materials Innovation Factory, a world-leader in computer- and robotics enabled materials discovery and design, as well as digital lab automation, as well as involvement in hydrogen production and storage, and CO2 conversion and capture
- The Stephenson Institute for Renewable Energy (SIRE) offers leading expertise in battery technologies for energy storage, solar PV and biomass energy
- The Institute for Digital Engineering and Autonomous Systems (IDEAS), incorporating the Virtual Engineering Centre (VEC) and Digital Innovation Facility, specialising in digital integration, and providing UK-leading virtual simulation and visualisation, digital twin development and systems modelling, and the development and advanced analysis of sensors. Examples of activity in this area include the engagement with industry through a leading role in the UK's Consumer Data Research Centre and the MarRI-UK Technology and Innovation project on using data assimilation for safe port navigation, plus partnering with Cammell Laird and NNL in the design and implementation of modular nuclear energy solutions. The VEC also has capabilities in wider energy systems mapping and optimisation work, applying emerging research and disruptive technologies and enabling access to digital testbeds and tools.

Liverpool City Region Freeport

- Expertise in policy and planning includes the Heseltine Institute for Policy, Practice and Place, the Centre for Sustainable and Resilient Cities, and Marine Spatial Planning in the Liverpool Institute for Sustainable Coasts and Oceans. Specifically in relation to smart port operations, the Management School's Centre for Supply Chain Management provides expertise to support innovation in low carbon logistics, supply chain management and freight tracking.

2 Liverpool John Moores University (LJMU)

LJMU has had an integral association with the city region's maritime base since the founding of the Liverpool Nautical College in 1892, and is committed to impactful applied multidisciplinary research to address the challenges of the 21st century. It is one of only six UK universities with a dedicated maritime focus, and is an internationally significant location for maritime education, research, knowledge transfer and industry engagement, working with leading organisations and facilities from across the globe, especially Europe, North America and Asia, reflected by the fact that more than half the University's published research is co-authored internationally. These international networks will be deployed to support the development and innovation ambitions of the LCR Freeport.

Table 2.2: LJMU Research Institutes, Schools and Affiliations

LJMU Research Institutes, Schools and Associations	Specialisms
Liverpool Logistics Offshore and Marine RI (LOOM)	Security and risk-based design/operation of large ships, offshore installations, port systems and inland waterways, maritime logistics and air/rail operations. Green, intelligent and optimised transportation and logistics. Offshore renewable energy. Drone technologies. Real-time simulation. Digitalisation and AI-driven operations. LOOM has over 10 newly awarded and 20 submitted bids from over 10 researchers, covering a wide range of emerging topics.
Liverpool Business School/School of Law (LBS/Law)	Logistics optimisation and supply chain management (notably vaccine supply chains). Data analytics. Smart contracts, IP and associated legal issues.
Centre for Critical Infrastructure Computer Technology & Protection (PROTECT)	Development and protection of secure Data Ecosystems of Trust. Massive IoT sensor network connectivity and coordination. Use of CyberD3sign to select and enhance cybersecurity requirements, to model and visualise ports-supply chain interoperation processes. Provides an early opportunity for cybersecurity requirements modelling and validation referencing related standards/legislation (ISO27001, GDPR).
Electrical and Electronic Engineering RC (RCEEE)	Electric machines and drives. Next Generation microprocessors. Quantum technologies.
Built Environment and Sustainable Technologies RI (BEST)	Circular economy. Novel materials and infrastructure resilience using waste streams and bio-solutions. Predictive models for sustainable utilities management, flood defences and environmental impact, water management and renewable energy management schemes.
General Engineering RI (GERI)	Next generation materials.

Public Health Institute/School of Psychology (HEALTH)	Reducing the incidence of human error in high-risk environments - training and safety requirements (with LOOM). Disease control and public health.
Liverpool Centre for Advanced Policing Studies (LCAPS)	Serious and Organised Crime. Counter-terrorism. Intelligence analysis. Evidence-based policing and practice.

- LOOM is particularly noteworthy as a leading research centre in shipping and port studies, having has hosted over 40 externally funded research projects in the past five years on environment science, maritime management, logistics operations, and renewal energy. It is equipped with the one of the largest marine simulator suites (£20m) in the UK, capable of conducting a high level shipping and port related innovative actions and skill training projects.

One of LJMU's key research strengths lies in maritime safety and security, an area where over 20 research projects valued over £10 million have been delivered in the past decade. Ground-breaking studies have related to AI driven risk prediction (DfT and Merseyside Police) and psychological training for security staff using drones. The institution has also developed specialty relating to digitalisation and AI driven operations, encompassing simulation (digital twins), operations research (speeding up / securing / modelling the passage of people and goods though the port).

3 Collaboration between UoL and LJMU

Collaboration amongst HEIs will be key to the success of the Freeport. UoL and LJMU have worked together to propose a series of combined key areas of research:

- Geological research into carbon capture and storage and climate mitigation and adaptation such as European Research Council projects (e.g. CoG 2019 TRUST) and EU Interreg projects (e.g. IntraDE, WeastFlow). Potential long-term carbon capture sites have been identified through an international EU Commission project ACT Acorn led by Pale Blue Dot Energy with Scottish Carbon Capture & Storage;
- Manufacturing Technology Centre (MTC) is closely working with the two universities on advanced AI techniques and general engineering. Further, the Centre together with LJMU has recently developed a world cutting edge research area on shipping and port manufacturing engineering through various UKRI and doctoral programmes projects. Partnership in an Interreg Seafuel project which aims to demonstrate the feasibility to power local transportation networks using fuels produced by renewable energies and seawater;
- Development and deployment of virtual environments and large-scale infrastructure simulations including virtual test and validation of autonomous systems and development of multiscale digital twins for infrastructure and complex systems;
- Relevant research interests in the development of hydrogen as a viable energy source/vector with local leadership of the N8 DecarboN8 transport network;
- Research on urban regeneration and public policy / planning impacts for sustainable mobility, developing a novel method for integrating a multi-modal routing system, and visualization tool, to identify and assess the transportation network and service provision under the 20 Minute City (20MiCi) concept; and
- Research interests in modelling and optimisation of problems arising in transportation and logistics including road, rail and maritime transport modes, applications of mathematical modelling, simulation and data analytics to various transport and logistics systems especially seaport, rail terminal and shipping operations; optimisation with container operations, last-mile delivery and sustainable supply chain management.

Additionally, LJMU and UoL coordinated a Freeport Innovation Workshop on 28th September, aimed at bringing together partners from the public and private sectors to explore opportunities to use the Freeport as a vehicle to foster innovation.

The workshop focused on three primary areas of innovation in relation to the Freeport, these being:

- A future energy sandbox, creating a digital twin of the LCR area including energy users and energy generators and modelling the environmental and societal impact of introducing new renewable energy generation, or future energy use cases.
- A freight optimization tool, developing a tool which looks at the freight coming into the freeport area and its destination to identify high-potential cargo which can be moved along the inland canal to Manchester, or along a coastal shipping highway.
- Next generation port security, to understand the systems specification of a digital security platform that can aggregate data from numerous sources and sensors including drones, barcode scanners, and CCTV to manage the security of the freeport.

The Innovation Workshop explored the possibility to innovate various aspects of Freeport activity and provided an example of co-ordination between the region's two largest universities to support this aim.

Further information about projects across the Universities are available in Section 2.2 and Appendix A.

4 STFC Hartree Centre

SciTech Daresbury is one of UKRI Research Council STFC's two national science and innovation campus, the other located at Harwell in Oxfordshire. As well as being the home of what was a world-leading synchrotron, it now houses the Hartree Centre, which in collaboration with IBM Research and its Watson platform, is a world-leader in the industrial application of AI solutions. The £210M Hartree National Centre for Digital Innovation approved in 2021 is the UK's de facto AI solutions capability, and has consolidated IBM Research's permanent presence in tandem with its first discovery accelerator in Europe.

The UK's first Atos quantum learning machine is also based at the Hartree Centre, while the University of Liverpool's Virtual Engineering Centre is co-located there. In addition, the campus is the nucleus for three North West Clusters: HealthTec established in 2019, Digital Tech, launched in 2021, and an emerging new Space cluster.

Taken together with the multinationals referenced above and the companies highlighted in the table below, the Hartree Centre and wider Daresbury campus provide a unique set of digital simulation, modelling and integration capability alongside research and industry expertise directly relevant to delivering on the LCR Freeport innovation and net zero programmes.

Table 2.3 STFC Major Aligned Activities

Company	Activities
Breathe Technologies	Monitoring the status of goods, across a larger cluster of businesses in the same space. Automation and robotics, for the perfect flexible warehouse. Multi-user, multi-tenant solutions.
Rapiscan	Active collaboration between STFC and Rapiscan for time-of-flight and backscatter X-ray detection of goods in cargo container.
Geek Plus	Robotics technologies for manufacturing and warehousing: a global technology company specialized in smart logistics, AMR (autonomous mobile robots) and smart logistics

Fast Lean Smart	Real-time scheduling & route planning for field service teams: the optimisation of routes and deadlines mathematically through algorithms
Blinx Solutions	ERP Lite: The first right-sized ERP for businesses, ERP Lite integrates and standardises enterprise systems onto a unified platform, providing a complete end-to-end view of any supply chain with executive, shop floor and predictive insights.
Codel Solutions	Provider of smart manufacturing software: main solutions are Trace and Track and Quality Assurance informatics systems, as well as Automatic Identification, Product Marking, Warehouse Management and Quality Control.
IOT Horizon	Smart IOT solutions: end-to-end IoT Solutions, including Contact Tracing, Asset Tracking, Preventative and Condition Monitoring, Sensor Monitoring and more.
CAE Technology	A technology integrator working from design to technology delivery with specific solutions including Thermal Vision: A thermal screening solution for people combining the best technology with smart AI driven analytics to deliver a solution fit for high traffic areas and can fully integrate with building and access control systems
Kingsbury	Bespoke parts manufacturing for ships and port machinery. Additive manufacturing and metal 3D printing from Kingsbury Engineering, based at the Campus Technology Hub – STFC Daresbury.

Further information about live STFC projects is available in Section 2.2 and Appendix A.

LCR Sector Boards

Over and above the LCR Innovation Board facilitated by the CA, the LCR Freeport Innovation Strategy will be supported by the Growth Platform and Sector Sub-Boards.

Key Target Markets

LCR target markets

The Innovation Strategy and Innovation Challenge Funds should support investment into the LCR Freeport Key Target Sectors to amplify the attractiveness for inward investment into the LCR Freeport. These themes are also referenced in the Trade and Investment Strategy.

- Aerospace, Maritime, Energy & Automotive (Key Primes/Business supporting the LCR economy include Peel Ports, Cammell Laird, Bibby, BAE, Bentley, Ford, JLR, Stellantis) – with specific focus on transition to electrification and low carbon fuels including hydrogen.
- Bio Manufacturing and Chemicals (Key Primes/Business supporting the LCR economy include AstraZeneca, Seqirus, Teva) – pandemic resilience, vaccine supply chain, advanced chemicals manufacturing.
- Food and Drink & FMCG (key Primes/Business supporting the LCR economy include Heinz, Unilever) – focus on packaging and population centric logistics.

Key LCR Freeport markets

The Gateway Policy, and subsequent Tax Site Development Agreements, have ensured that the LCR Freeport enables the developments associated with the vision and key principles of the LCR Freeport proposition. At its core, LCR Freeport will utilise all available Freeport levers to create opportunity, employment, skills and innovation to regenerate and level up left behind communities. Freeport is focused on realising opportunity created by enhanced trade and investment and therefore should

focus on attracting businesses aligned to trade and LCR key sectors. LCR Freeport investments will contribute to support Net Zero and support action required by the declared climate emergency.
In order to be approved as a qualifying business by the Freeport Management Board, businesses should be relevant to one of the following sectors:

- Connected, low carbon transport and logistics including maritime;
- Manufacturing (including food) and automotive;
- Health and Life Sciences, including manufacturing and research and development; and
- Low carbon energy, including hydrogen.

Existing Innovation Initiatives

Current Business Ecosystem projects

There are a range of significant, high impact innovation-related business support initiatives underway directly relevant to LCR Freeport's Key Target Markets.

The LCR pioneered digitalisation support to the advanced manufacturing sector via the UK-leading sub-national 4IR project LCR4.0 programme, which in turn was the catalyst for the North West national Made Smarter Pilot programme. LCR4.0 helped 300 SMEs access support, facilitated 248 R&D collaborations, 61 direct new jobs, 57 new products to market and 88 new products to firms, generated over £30m GVA and 955 indirect jobs. It also has 3 successor projects:

- LCR4.0 START: supporting LCR business leaders and companies to develop practical strategies for effective and accelerated digital adoption.
- LCR HOLISTIC: cross-linking traditional supply chains and clusters to create a LCR supply chain network offering greater business resilience, growth opportunities and diversification that will facilitate greater innovation in products and services to facilitate post-COVID & Brexit inward investment and export.
- Cheshire & Warrington 4.0: rolling out LCR4.0 practices to neighbouring areas within the North West.
-

In parallel, the also ERDF-funded Low Carbon Eco-Innovatory is a £12million partnership between the University of Liverpool, LJMU and now Lancaster University that since 2015 has helped over 300 businesses to access resource, facilities and expertise to research new or improved low carbon goods and services, including 38 collaborative PhD projects and over 100 paid internships and industrial dissertation projects within the University of Liverpool alone.

An even more directly Freeport-relevant live business support programme over and above the well-established LCR and wider NW maritime cluster development and advocacy work of Mersey Maritime is the also ERDF-funded Port City Innovation Hub. This Innovation Accelerator initiative led by Wirral Council delivers LCR-wide business advice and support re. innovation strategy, research and technology expertise, sprint masterclasses, mentorship and market insight, in order to increase the number of SMEs bringing new products and services to market for the maritime sector.

Against the backdrop of the UK-leading approaches pioneered through LCR4.0, the LCR has been selected by Innovate UK as one of only two UK areas to pilot UKRI's new Launchpad programme announced on . This is thanks to the positive relationship cultivated with Innovate UK over a number of years, its positive perception of the LCR innovation ecosystem, plus its associated confidence in us to successfully deliver.

The programme marks one of the first times UKRI/IUK has ringfenced a funding competition for a specific place or local ecosystem, and will involve £15m worth of innovation funding shared across both pilots over 3 years. The focus in LCR will be on supporting innovation across all aspects of our advanced manufacturing base, with an explicit sub-focus on digitalisation & net zero, and direct relevance to Freeport.

The potentially highest impact initiative of all is the newly created LYVA Labs as the LCR's first dedicated innovation commercialisation vehicle. Phase 1 and 2 are approved and underway to establish the Research & Technology Organisation, catalyse early stage health and life sciences innovation via advice and seed funding, scale this out to wider deep tech opportunotes, and unlock new industry R&D in partnership with local academic experts.

LJMU Projects

LJMU is currently involved in the following major projects:

- LOOM is leading/coordination (approx.. €5 million)
    1. RESET – EU MSCA RISE, Risk research network
    2. TRUST – EU ERC, container shipping risk analysis
    3. REMESH – EU MSCA RISE, Emergency supply chains
    4. STOPFIRE – EU MSCA IF, Fire fighting on oil platforms
- LOOM is participating in (approx. €3 million):
    1. ARCWIND – EU Interreg, Offshore windfarms
    2. EMPORIA4KT – EU Interreg, Blue economy
    3. SUD – EU ERDF, Green travel corridors
    4. IRIS and IRIS2 – InnovateUK and UKRI
    5. GOLF – EU MSCA RISE, Food supply chains
    6. ENHANCE – EU MSCA RISE, Human reliability and training
    7. Prigeoc – EU MSCA RISE, Partnership for Research In Geo-polymer Concretes

STFC Facilitated Projects

The following projects are live or projected to come forward in the near future, with detailed case studies available in Appendix A. The projects have been grouped according to how they support decarbonisation, digital, smart ports and human health ambitions within the City Region.

Decarbonisation

- Logistics optimisation - this can help to reduce carbon footprint, from energy consumption to automated vehicles, smart warehousing and improved battery lifetimes. This is being achieved at Sci Tech Daresbury through work by Breathe Technologies to provide status monitoring of goods across a larger cluster of businesses in the same space.
- Energy management - STFC Hartree supports the development of technical and digital infrastructures and computational models to help UK industry move to localised energy

generation and consumption. This is about integrating data from existing monitoring points and essential smart meters upgrades across (port) sites and providing the technical and digital infrastructures to enable organisations to design, develop and demonstrate novel technologies in a real-world test environment.

- Green energy – high performance computing at the STFC Hartree Centre has given the University of Liverpool environmental insights of real value to both the offshore wind energy industry and local communities as the requisite level of detail and reliability demanded far greater computational power than the university's own infrastructure could deliver. The 25-turbine Burbo Bank Offshore Wind Farm in Liverpool Bay stands close to a coastline especially vulnerable to sediment changes. Working with the National Oceanography Centre and STFC's Hartree Centre, the University of Liverpool has simulated the wind farm's effects using TELEMAC3D software developed by EDF Energy, who funded the work in conjunction with the Engineering and Physical Sciences Research Council.
- Towards fusion energy - A new centre of excellence in extreme scale computing in fusion is to be located at STFC's Hartree Centre. The UK programme to deliver fusion energy has been given a boost by a new collaboration between STFC and the UK Atomic Energy Authority (UKAEA). Fusion energy is highly attractive as part of future low-carbon energy supply, but there remain technical challenges to be overcome. This collaboration will apply the latest computing systems and world-leading supercomputing and data science expertise at STFC to address some of these challenges.

Digital

- Through virtual reality and design, it is possible to test different possibilities in silico before developing a real prototype. A collaboration with the Virtual Engineering Centre and access to the STFC Hartree Centre's visualisation suite has enabled Bentley Motors to integrate the use of virtual models into their new product development process, providing a powerful review tool improving designs at an early stage. This has enabled Bentley to speed up product development times through better understanding of design data, as well as reducing the number of physical prototypes required. This in turn reduces costs and the likelihood of needing late-stage modification, and has potentially wide-ranging applications across LCR Freeport.

Smart Ports

- Logistics Optimisation - STFC Hartree is involved in activities on classical + quantum computing applications for logistics optimisation, for applications on wet- and dry-side goods movements.
- Pilot for ship navigator - driven by IBM & Hartree and involving ongoing discussions with the Port Master at Liverpool to build an app/tool to help ship navigate the port, scheduling slots, docking, etc.
- Reducing the risk in vessel turn-arounds for ports - researchers based at the STFC Hartree Centre worked with worked with Peel Ports Group to reduce uncertainty in available draft on vessels arriving and departing in ports using AI.
- Cargo Scanning (X-ray) - active collaboration between STFC and Rapiscan for time-of-flight and backscatter X-ray detection of goods in cargo container.
- Dry-side Port Logistics - University of Liverpool/STFC collaboration to develop a Digital Twinning solution to optimise the dry-side post logistics.
- Autonomous Cranes guided by smart robotics technology - proposal being developed by STFC with collaborators on combined cargo scanning, with autonomous cranes movement around docking area. (STFC, Rapiscan, other partners)

- Digital Twin of Mersey Tidal barrage options - survey and monitoring the River Mersey in order to identify the optimal location for a tidal barrage.
- Live analysis of containers location on port dry side - coupled with sensors technology and data optimisation, live analysis to reduce goods delay, customs issues and client costs.

People, Health & Wellbeing

- Air quality monitoring in/out of the port - collaborative pilot project with Data Performance Consultancy that once validated could be used to drive policy decisions.
- A chatbot starts an AI revolution in healthcare - a ground-breaking collaboration between the STFC Hartree Centre and Alder Hey Children's Hospital is harnessing the power of intelligent computing to personalise healthcare and enhance the patient experience. Through this project, the Hartree Centre is helping Alder Hey to forge a path towards more personalised treatment, enhanced health outcomes, increased patient satisfaction and significant cost savings. From quicker identification of clinical trends, to monitoring admission patterns to aid planning, the potential is limitless.

LCR+ Science & Innovation Audit 2 & Asset-based innovation cluster development

The BEIS-commissioned LCR+ Science & Innovation Audit (SIA) published in September 2017 was a seminal piece of work in terms of process, collaboration, evidence and subsequent application. It impelled local stakeholders to, for the first time, agree and prioritise the LCR's demonstrable distinctive world class competitive strengths – namely in infection, materials chemistry and AI/high performance computing – plus accelerated and/or precipitated a series of major project developments and collaborations. It has equally been a cornerstone for all key LCR evidence-based economic growth-related strategies and policies since, and innovation and these smart specialisms are at the very heart of the LCR "Plan for Prosperity".

Five years on, things have very positively evolved – place and R&D investment outside the greater SE are now explicitly part of government policy, and we are pushing for a large scale, multi-annual co-created "innovation deal" on the back of a £3B pipeline of innovation projects (plus Mersey Tidal), an outstanding track record of major recent public/industry investment, a headline ambition of investing 5% of LCR GVA in R&D per annum by 2030 - almost double the government's 2.4% of GDP target, and associated economic benefits for UK plc.

The CA and core partners (LEP, LJMU, LSTM, STFC, UOL) have therefore commissioned a second SIA – the only one of the 25 places in the UK that conducted an initial SIA to do so - launched in July which highlights progress and new opportunities re. the LCR's 3 distinctive focal areas of world leading capability, plus explicitly recognises Net Zero & Maritime as an emerging 4th strength and a cross-cutting imperative, with specific consideration of the Freeport and Mersey Tidal programmes.

In tandem, the LCR has also developed a proprietary approach to classifying and prioritising existing and emerging innovation assets in terms of their potential to develop into broader growth clusters, which equally has a direct bearing on the LCR Freeport programme as both the port and intended Maritime Knowledge Hub in Wirral Waters will be explicitly included.

There are a number of other existing assets that offer direct potential for knowledge and technology transfer to deliver on Freeport objectives and challenges. Some of these have been outlined earlier - most notably the National Oceanographic Centre, Materials Innovation factory, Virtual Engineering

Centre, Digital Innovation facility, and STFC Hartree Centre. Others not already profiled include the work of the Manufacturing Technology Centre Catapult now anchored in the LCR, plus Glass Futures, an industry-led global glass innovation and R&D facility in St Helens as the nucleus of a wider industrial decarbonisation campus .

Digital Infrastructure

High capacity strategically located cyber-physical digital infrastructure is a vital pre-requisite for the effective, intelligent delivery of Freeport innovation and net zero programmes, as well as the LCR's wider 5% R&D investment and carbon neutrality by 2040 ambitions. Thankfully the LCR has two nationally significant wired and wireless digital infrastructure programmes in implementation.

- LCR Connect: this ground-breaking commercial Joint Venture between the LCR Combined Authority, French multi-national NGE, and North West based UK contractor ITS is delivering a £30M 212km full-fibre, ultrafast, gigabit-capable network infrastructure across the region, and goes right by the Port of Liverpool.
- Liverpool 5G: is a unique and innovative consortium of public sector health and social care suppliers, the NHS, university researchers, third sector organisations, agile local SMEs and a leading UK 5G technology vendor, who came together to deliver the DCMS-funded Liverpool 5G Testbed. This involved creating, managing and operating the largest 5G mmwave mesh network in Europe, with initial and ongoing focus on delivering health and social care services at home to residents of one of the UK's most deprived communities. This has been expanded to encompass education use cases and develop a transferable commercial model for application elsewhere, whereby there is clear scope to be scaled up and out, including to the LCR Freeport zones.

As highlighted in the 2021 inaugural LCR Digital Strategy & Action Plan, digital infrastructure is clearly a means not an end in itself, as is the corollary intelligent collation and application of robust and trusted data in order to drive digital innovation. It is therefore also important to note the CA-funded Civic data Cooperative also now in development and operation, whose mission is to maximise population health improvements through optimised data collation, storage, analysis, assets and initiatives. As with Liverpool 5G, while the initial focus is on health, the expertise, tools and platforms developed will have significant potential to be scaled out to other sectors and use cases, including port logistics.

Relevant Pipeline projects & initiatives

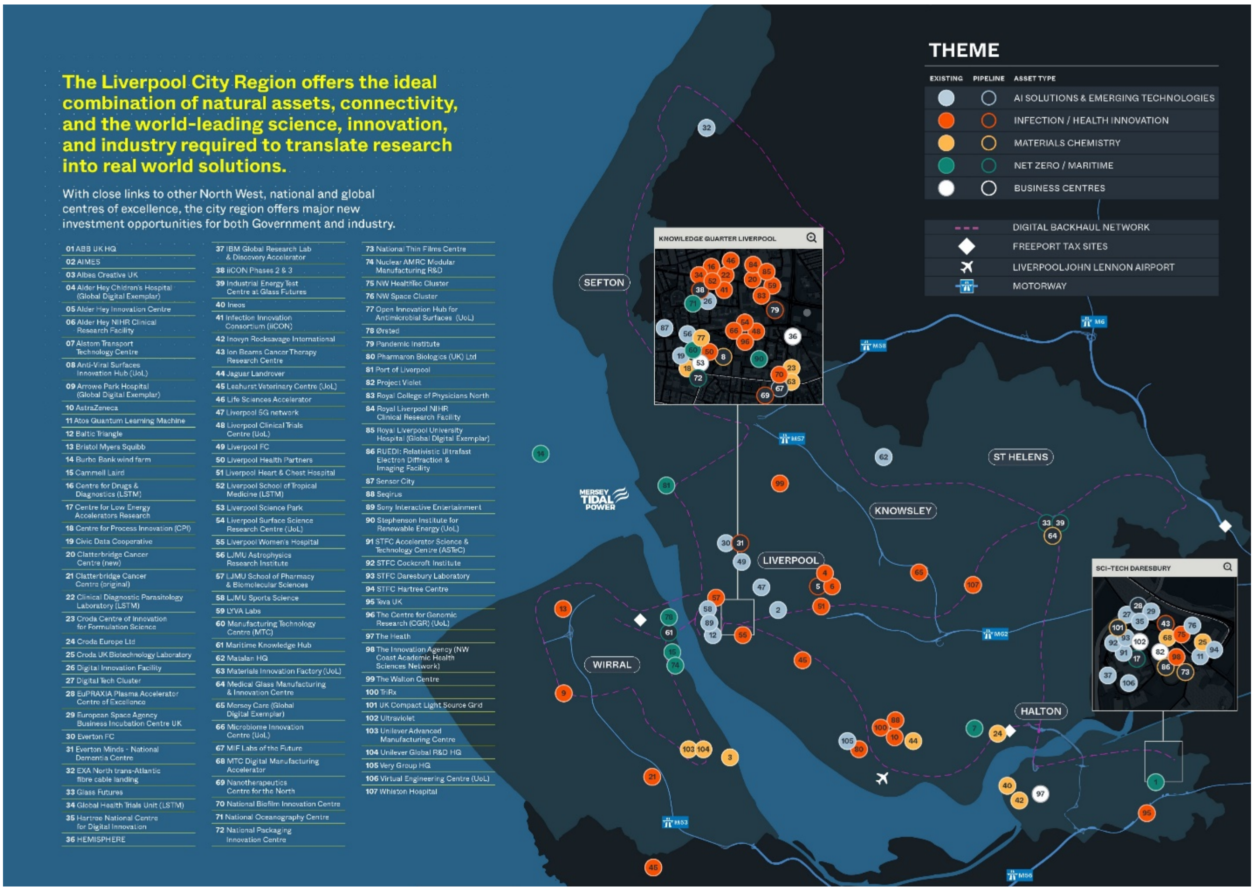
Major Pipeline projects

As highlighted above, the LCR has a highly developed forward pipeline of major R&D projects and innovation approaches worth £3+billion. The role of the LCR Freeport Innovation Strategy in this context is to mobilise and focus these initiatives to create and maximise exploitation opportunities in the export of UK IP and in attracting investment to the LCR Freeport in the identified LCR Freeport Key Target Markets.

The Innovation Board will provide leadership input to focusing the activity across the ecosystem, such as convening industry partners, supporting route-to-market and exploitation activity in initiatives and promoting the region with potential national and international markets together with partners.

Figure 2.2: Existing Innovation Assets & pipeline projects in the Liverpool City Region

Liverpool
City Region
Freeport



The immediate investment priorities among these are:

- Maritime Knowledge Hub in Wirral Waters – this £23m industry-led, education, research and development, skills and innovation commercial centre of excellence is backed by the Department for Transport's Maritime 2050 strategy, and will place the Liverpool City Region (LCR) at the heart of the maritime and marine industries. The Maritime Knowledge Hub will work as an industry convening platform, linking international challenge holders and potential investors with regional innovators and solutions developers with a particular focus on developing commercially viable solutions to reduce the carbon footprint of operations in the maritime sector. The Maritime Knowledge Hub will grow the regions capabilities and global presence as a centre of maritime innovation to support the LCR Freeport objectives of attracting businesses in the Key Target Market of clean and connected maritime and supporting businesses in international trade. The hub will actively work with national and international partners to stimulate collaboration and work to align with international opportunities such as trade missions and relevant DIT initiatives to promote the LCR Freeport ecosystem and UK IP in global markets.

The key delivery partners are Mersey Maritime, Peel L&P, Wirral Council, and the Liverpool City Region Combined Authority.

- Growing hydrogen ecosystem: HyNet North West was selected to progress within Track 1 of the industrial decarbonisation cluster sequencing process, and this is just one example of a burgeoning LCR hydrogen specialism. Next steps for our hydrogen strategy include investing in biomass to power green hydrogen production in the INOVYN Stobart-led Halton Power project, development of a network of zero carbon (hydrogen and electric) refuelling stations, the roll-out of the fleet of hydrogen-powered buses, captive fleet conversion to zero carbon fuels, a project to replace all methane from the region's gas grid with hydrogen by 2035, and now thanks to Freeport a particular focus on marine/maritime new zero applications.

- National Packaging Innovation Centre (NPIC): an internationally significant open-access innovation facility that has the potential to make the UK a leader in sustainable packaging. The project is being led by CPI (who operate the Medicines Manufacturing Innovation Centre and National Formulations Centre) with the support of Unilever and wider industry partners and investors. The LCR CA has funded a small-scale pilot project and with government investment, the fully scaled project can deliver a total of 60 direct jobs and up to 2,000 indirect jobs. NB. this could be located in the Freeport zone.
- The Centre of Excellence in Modern Methods of Construction: this will establish the National Centre of Excellence in Modern Methods of Construction (MMC) for Housing and deliver 24,500 new low-carbon, energy-efficient homes, alongside 10,000 refurbishments over the next decade. With government support, the programme will directly create 201 highly skilled and well-paid FTE jobs and deliver 100 apprenticeship opportunities per annum. Through the MMC CoE skills in future green construction methodologies and technologies will be created, focussing leading research at LJMU and UoL to market challenges and opportunities.
- £83m Infection Innovation Consortium (iiCON) translational facility: this will scale out the existing capabilities centred around the Liverpool School of Tropical Medicine to deliver on the iiCON programme's objective to lever £1bn R&D investment within 10 years. The new facilities will provide a bespoke centre for world-class collaborative and interactive learning, industry collaboration, and community engagement making the Liverpool City Region and the UK the world leader in infection innovation. As a key target market for the LCR Freeport, the iiCON provides a unique regional platform to engage with potential international partners and investors in global infection innovation challenges.

  This opportunity is further supported advanced stage of discussions with the Department for International Trade regarding a High Potential Opportunity in vaccine manufacturing, directly linked to both the existing cluster of multi-national bio-manufacturing companies at Speke close to the Mersey, plus the intended "Glass Futures 2" medical glass manufacturing and innovation centre, that will provide a resilient UK-produced supply of borosilicate glass for vaccine vials.
- Also linked to iiCON is the proposal for a new Pandemic Institute, to provide a new UK-leading capability for predicting, preventing and treating future pandemics, building on the University of Liverpool's expertise in infection, zoonotics and health data, and the recent experience of informing and piloting UK COVID-19 measures on behalf of the government. Associated facilities could be located within the Freeport zone.
- £26 million investment to grow a new high-tech Cluster in Digital Labs of the Future around the world-leading capability of the Materials Innovation Factory (MIF) and its sister institute, the Digital Innovation Facility (DIF), both operated by the University of Liverpool. This will stimulate the creation of 1,000 new high-value jobs in Liverpool City Region and its neighbourhood, plus a similar number with our partners across the UK. It combines academic knowledge platforms, innovation leadership and significant collaborative partnerships with local SMEs and blue-chip R&D intensive corporates including Unilever, Croda, Astrazeneca, Pfizer, GSK, NSG-Pilkington, Johnson-Matthey, Boots and Siemens

Of major longer-term relevance for LCR Freeport is the signature, global scale Mersey Tidal initiative, a £5/10+ billion scheme to harness the predictable, sustainable power of the River Mersey which has one of the highest tidal gauges in Europe. The project is currently in Phase 3 Concept Development exploring options to create a tidal barrage across the River Mersey and/or lagoon in Liverpool Bay. The scale of the multiple associated innovation and construction challenges makes this directly relevant to every aspect of LCR Freeport.

As global investment in offshore renewable energy sources continues to grow, the LCR Freeport will actively seek to promote the UK skills, capability, knowledge and assets that the Mersey Tidal initiative generates in the global marketplace. The project presents a unique opportunity to showcase IP anchored in the UK in tidal power solutions, as well as supporting technologies, use cases for renewable energy and connected aspects such as regulatory and safety expertise.
Over and above large scale R&D projects, there are significant measures in the pipeline to turbocharge the LCR's business innovation ecosystem, notably:

- Phases 2 and 3 of LCR ventures: to extend Phase 1 into DeepTech, support established businesses to innovate, expand the challenge funds, develop 3-5 large scale consortia opportunities, and develop growth cluster around our world class innovation assets (as per consultancy work highlighted above), and drive co-investment to bring more private investment into the region in our target markets
- Additional CA Strategic Investment Fund supported projects to create a Tech Accelerator, Angel Network and Seed Fund

In addition, active dialogue is ongoing with the Connected Places Catapult and British Embassy in Seoul to realise opportunities and commitments relating to the BEIS-commissioned report into "innovation twins" between the UK and South Korea published in December 2021 in which Liverpool (City Region) – Busan was highlighted as one of four potential partnerships. One of the key factors in the match between LCR and Busan is that both are major port cities, and a BEIS-led mission is going to South Korea in mid-May, which the CA intends to participate in. Opportunities for identifying potential inward investment or partnerships with commercial partners that target Key LCR Freeport Target Markets will be explored as part of this leading initiative.

Last but not least, a major comms and lobbying programme to raise the profile of the LCR as having one of the most highly developed challenge-led, place-based approaches to innovation in the UK Hence the Innovation Prospectus launch on 26 April in Parliament to showcase the scale, deliverability and distinctive competitive strengths of the Liverpool City Region' existing innovation assets and capabilities as well as its forward £3+B projects pipeline , plus the role the regional innovation ecosystem can play in levelling up. It will clearly outline the opportunities for investment and meeting national and global challenges, including re Freeport, as we seek to meet our north star ambition to invest 5% of LCR GVA a year in R&D by 2030.

LJMU initiatives

Looking forward, LJMU University is looking to grow its involvement with vaccination supply chains and new energy for net zero. Indeed LOOM has over 10 newly awarded and 20 submitted bids from over 10 researchers, covering a wide range of emerging topics:

- Autonomous ship bridge design – IAMU, Dr Fangbin Guo
- Human behaviour mapping – UKRI TAS, Dr Shiqi Fan
- Air quality – DEFRA, Prof Thanh Nguyen
- Offshore fire and evacuation – EU MSCA IF, Prof Jin Wang
- Intelligent ships – EU MSCA IF, Prof Zaili Yang

- Cyber security – CILT and IAMU, Dr Chia-Hsun Chang
- Intelligent and convectional ship collision risk – RS, Dr Huanhua Li
- Climate resilience – RAEng, Dr Ching Pong Poo
- Intelligent decarbonisation – EPSRC and Demark funds, Dr Christos Kontovas
- Risk-based specifications of portable power packs – MoD, Dr Musa Bashir
- Inland waterway resilience – EU HE, Dr Ana Bras
- Safety of digital system – Lloyds register, Dr Ben Matellini
- Seafarer safety – Mari UK, Capt. Abdul Khalique
- Road traffic congestion – Rees Jeffreys, Dr Dimitrios Paraskevadakis
- Reducing Maritime Emissions – InnovateUK, Dr Eddie Blanco-Davis
- Maritime Risk Evaluation in Narrow Straits – IAMU, Dr Sean Loughney
- Offshore wind platforms & their decommissioning – RS & RAEng, Prof. Jin Wang

Engagement & Added Value of Freeport

Summary of engagement on development of Freeport innovation Strategy

This Strategy and thematic content have been developed through a collaborative partnership approach to identifying relevant and supporting assets and initiatives that will support the initial phase of the LCR Freeport Action Plan. Primary partners supporting this Innovation Strategy beyond the Liverpool City Region Combined Authority are the University of Liverpool, Liverpool John Moores University, Science and Technology Facilities Council, Connected Places Catapult, LCR Ventures, Port City Innovation Hub, Mersey Maritime, and Arup.

In tandem, the longstanding LCR Innovation Board, the first such dedicated sub-national body in the UK, has been actively involved in reviewing and approving the Freeport Innovation Strategy as a precursor to its forward advisory and oversight role re Freeport programme delivery. The Board is facilitated by the CA, convenes senior representatives from industry, LCR HEIs and other anchor institutions, our two leading science campuses, plus UKRI bodies Innovate UK, EPSRC, and STFC, and chaired by Dr. Jon Hague – Unilever's Vice President Science & Technology for Homecare – reflecting the Board's primary focus on commercialization. Its overarching purpose is to providing strategic leadership for the LCR innovation agenda, and drive the translation of knowledge and ideas, raise productivity, maximise investment, inspire and enhance skills, attract/retain talent, and accelerate growth and international competitiveness across all sectors of the LCR economy.

Specifically, the Board's explicit primary objective is to realise the LCR headline ambition is to secure annual R&D investment equal to 5% of LCR GVA by 2030. There is an explicit emphasis on maximising the LCR's demonstrable, distinctive assets, capabilities and competitive strengths, and its focus is on the science, technology, research & development, and commercialisation aspects of the innovation.

Table 2.4 Engagement with Innovation Stakeholders

Name	Organisation	Description and Dates	How the stakeholder will support Freeport Innovation Obejctives	How the Freeport supports the objectives of the stakeholder

John Whaling	LCR CA	Innovation lead for LCR – involved in weekly/monthly meetings and ad hoc as required	Governance – via LCR Innovation Strategy Access to network, liaison between stakeholders	Contribute to 5% GVA Innovation Investment Target Support existing major innovation projects including Net Zero, Mersey Tidal
Wiebe Van Der Hock Anthony Mtimilia Sonja Vujovic Vicky OKelly	Liverpool University	Member of the LCR Freeport Board, major alignment of thematic objectives Monthly / quarterly through working groups and LCR Freeport Governance	Supported the development of the Innovation Strategy	See appendix A1 for overview of aligned projects and Table 2.1 for detail Increases opportunity to attract resource when aligned to LCR Freeport.
Zaili Yang Alison Thornber Musa Bashir Dan Carrington	Liverpool John Moores University	Member of the LCR Freeport Board, major alignment of thematic objectives Monthly / quarterly through working groups and LCR Freeport Governance	Member of the LCR Freeport Board, major alignment of thematic objectives Monthly / quarterly through working groups and LCR Freeport Governance	See Appendix A2 for overview of aligned projects and Table 2.2 for detail. Increases opportunity to attract resource when aligned to LCR Freeport.
Massimo Noro	STFC	Monthly / quarterly through working groups and LCR Freeport Governance	Supported development of Innovation Strategy, partner to emerging HGV project	See section 2.3.3 Increases opportunity to attract resource when aligned to LCR Freeport.
Alex Cousins Thomas White	CPC	Frequent contact throughout the development of the Freeport	Directly contributed to drafting innovation strategy as well as prepared proposals for active role in innovation delivery. Lead RTO partner on Net Zero HGV Trials project	Supports the Freeport Innovation Network Increases opportunity to attract resource when aligned to LCR Freeport.
Charlie Whitford Vic Thompson Marc Henry	Manufacturing Technology Centre	Engagement in September and October 2022 regarding role in Net Zero HGV trial	Strong focus on delivery of net zero technology including hydrogen infrastructure, major partner to LCR freeport Net Zero HGV project	Increases opportunity to attract resource when aligned to LCR Freeport.

Summary added value

The LCR Freeport designation has meant very significant direct and indirect added value in the following ways:

- Providing a new, unifying strategic and policy lens and focus innovation exploitation opportunities within the context of the LCR's broader evidence-based innovation agenda, e.g. as currently being explicitly considered with the SIA refresh and innovation asset-based cluster development work
- Providing a new frame of reference and focussing the deployment of LCR's sophisticated existing innovation asset base, e.g. STFC Hartree, as profiled above.
- Providing new enhanced locational opportunities for key projects within the LCR's £3billion pipeline, e.g. the national Packaging Innovation Centre, and the Pandemic Institute

- Catalysing enhanced collaboration between UoL, LJMU and STFC to realise cross-sector opportunities and maximise the impact of regional innovation assets within LCR Freeport's growth and investment ambitions
- Already leading to direct new investment and innovation activity, e.g.: the University of Liverpool (via the Institute of Digital Engineering and Autonomous Systems – IDEAS - and the Department of Geography and Planning) and the Hartree Centre have just issued a tender to commissioning a high resolution 'LiDaR/Photogrammetry scan of a significant area of Liverpool City Region as the basis for an interoperable 3D data model as a 'regional digital twin'. Further work will be undertaken via a team from Geography and Planning and IDEAS to develop the theoretical basis of a dry-side transport/emissions/logistics model for the docks/freeport. This will be implemented into the 'regional twin' towards the end of 2022, and will provide the opportunity to gain insight into significant elements of the Freeport operation. Further integration work will be scoped with the Hartree Centre as well as other data assets such as those held within the Civic Data Cooperative and the commercial drone platform proposed by the drone major Group. The twin will be hosted within the new Digital Innovation Facility based within the University campus.

Case study – digital twins

As the UK begins its recovery from the economic dampening effects of the pandemic and society begins the transition to a more equitable net zero world, new techniques in applied advanced technologies can enable integration of AI, autonomous systems and supercomputing into interoperable information platforms for driving real world innovation in public and private sectors.

These systems can be used to optimise public services (transport, logistics, health & social care), develop new products (advanced materials & formulations, automotive, glass), revolutionise supply chains, and drive innovation in companies from start-up to multinational. Combined with the region's data assets, they can be used to ensure that public services are efficiently targeted where they are needed most, and they naturally come together in partnership with the private sector. This can allow well established companies with deep roots in the region to work hand in hand with a new wave of high-growth start-ups and SMEs able to use the latest technologies to build new innovative data-driven businesses.

For LCR Freeport, these data-driven cyber-physical systems, often known as digital twins, offer the potential to address:

- Planning and policy decisions: understand physical flow of goods, people, transport and enable long term decision making in response to data from the port-specific, port-related and non-port related domains.
- Resilience and scenario planning: the pandemic has shown that rapid decisions can save lives whilst maintaining capacity in public and commercial supply services to maintain a response. The city region can respond and recover rapidly by adopting cyber-physical systems to plan scenarios.
- Regulatory compliance: the latest AI techniques can be used to automate large parts of the paperwork allowing rapid transfer of cargo across the port to its destination, reducing risk of non-compliance, lengthy delays, and loss of income.
- Supply chain ecosystem: by digitalising supply chains and the interfaces with the rest of the city, innovation funding can be directed to more effectively allow rapid growth in productivity in the Freeport and all companies in the ecosystem whilst allowing the city region to prosper and provide higher quality of life for its people.

To make this a reality will require coordination across many organisations in the city region, drawing on expertise in the region's universities, government labs, innovation hubs and knowledge centres. It will rely on linking the technologies of LCR Connect organisations - not just connecting across the Freeport and surround region but linking to the transatlantic network connections to the US and beyond.

Strategy and Projects

The interpreted goal of the distributed Freeport innovation hot-bed is to become a world-leading port region that leads in accelerating solutions to market that address global challenges in LCR Freeport's Key Markets, such as Net Zero, i.e. an exemplar Maritime Mercantile City 2.0.
The inferred innovation landscape therefore speaks to contemporary challenges such as decarbonisation, low carbon growth, digital, smart ports, and people & places.

High-level strategy – responding to challenges and maximising opportunities

LCR Freeport Innovation Grand Challenges

As part of the LCR Freeport Innovation Strategy, Innovation Challenges have been established that provide a mission focus for innovation assets and initiatives in the region, these are:

- Transferable and scalable solutions to optimise and decarbonise LCR Freeport Gateways, notably port operations, vehicles, and vessels in ports

Vessels at berth generate the largest percentage of emissions at ports, especially the largest vessels such as cruise liners. Cold ironing (or shore power) provision could be demonstrated at the Liverpool Cruise Terminal to allow cruise vessels to turn off their engines whilst at berth. This energy could be provided by the grid, however the demonstration could also test novel energy storage systems, such as batteries, compressed gas storage, or hydrogen generated via electrolysis, to reduce the peak energy supply required from the DNO. Shore power is high on the government priorities for decarbonising the maritime sector. This year, the Government released a call for evidence on shore power to begin to implement its commitments from the Transport Decarbonisation Plan

- Transferable solutions to optimise and decarbonise ancillary LCR Freeport freight and logistics operations, e.g. multi-modality, heavy goods vehicles, smart approaches to last mile logistics and the infrastructure to support alternative fuel sources (hydrogen and electric)

By their nature, ports are multi-modal transport hubs for people and goods. Positioning the LCR freeport as a hydrogen hub will enable zero-emission hydrogen power to be demonstrated within several use cases such as port operations (e.g. reach stackers, forklifts, and tugs), industrial processes, and transportation (e.g. HGVs, vessels, or trains). The freeport could lean on the expertise from within the region's HyNet Northwest project to develop and support these use cases. By generating hydrogen onsite and providing the initial infrastructure at the freeport, companies are more likely to invest in hydrogen technology, driving further innovation. Additionally, the LCR has one of the UK's largest tidal ranges, and the potential to use this as part of the region's diverse clean energy mix is being explored as part of the Mersey Tidal Power Project, led by the LCR CA. This, alongside the region's offshore wind capabilities (e.g. the Burbo Bank offshore wind farm) could enable the production of significant quantities of green hydrogen. The Government's Energy Security Strategy doubled the UK's ambition for hydrogen production up to 10GW by 2030, with at least half of this coming from electrolysis. The LCR is well positioned to support these ambitions. As demand for hydrogen in the region grows, importing hydrogen may also be required, and the Freeport is the perfect place to do this.

- Facilitating "Smarter Borders" in line with the UK 2025 ambition, i.e. testing and implementing new, transferable digital systems, approaches and solutions to maximise the efficiency of customs, revenues and moving goods through LCR Freeport Gateways.

Many operations involved in the transport of goods through a port are still dependent on manual processes. A central digital platform could be demonstrated within the region to track the progress of goods through the port and the freeport sites. By encouraging the sharing of data between key stakeholders, this platform could offer better visibility and forecasting accuracy of goods movement, more effective detection of supply chain exceptions (e.g. shipment delays), and provide a greater understanding of the port's operations. The region has excellent digital capabilities that could support this project including stakeholders such as the Institute for Digital Engineering and Autonomous Systems (IDEAS), STFC Hartree Centre, IBM, the University of Liverpool, and Liverpool John Moores University.

In addition, the LCR Freeport Innovation Strategy seeks to support the following to complementary innovation challenges:

- Decarbonise the marine and maritime sector, including reduction of carbon-based fuels and new propulsion technologies
- Identify and deliver new, transferable, research and development based solutions to deliver the Mersey Tidal programme
- Support HPO for Vaccines and health and life science industry innovation challenges related to new investment opportunities across the Freeport development sites

Grand Challenges and Platforms

The LCR Freeport covers the whole Liverpool City Region and therefore can draw upon a wide range of innovation assets and industry partners (as outlined above). There are a number of 'Innovation platforms' existing and supporting innovation across business and academia to develop the technical, market and and societal readiness of research and solutions. Table 1 illustrates, at a high level, the awareness across the City Region in terms of the evidence for the current position with regard to the Grand Challenges and the mapping of capability and existing and emerging collaboration partnerships across the City Region.

Role of innovation in delivering Net Zero

The LCR Freeport innovation programme's grand challenges directly support the delivery of Net Zero across multiple transport modes. The innovation programme will seek to accelerate the commercial adoption and implementation of new technologies to reduce emissions from the operations of ports and the associated maritime and land based emissions from a whole supply chain perspective.
Taking an integrated, whole supply chain approach to decarbonisation will enable the UK to realise new export opportunities through offering end-to-end solutions to the global marketplace. This approach aligns with industry demand for whole system solutions that deliver decarbonisation benefits, rather than disconnected components. Additionally, this supports the Department for International Trade's approach to promoting UK IP and capabilities in international markets.

The Opportunity of Innovation Through Freeports

A major opportunity through the LCR Freeport is through stimulating export opportunities for UK IP in international markets and bringing inward investment to the region through attracting new businesses based on a strong innovation and supporting business ecosystem built on connected and sustainable infrastructure. With 4,800 freezones globally, the tax and tariff incentives alone do not differentiate one UK region from another, nor the UK from any nation that has freeports. In attracting new investment, business consider many factors which may include:

- Local assets that can be utilised such as testing facilities or places
- Supporting infrastructure such as transport and energy
- Availability of skills and expertise in key areas
- Research and development activity that supports organisational objectives
- Complimentary businesses in the region

In this way, the innovation strategy of LCR Freeport is focused to mobilizing the regions innovation assets to create and attractive, investable ecosystem, differentiating the region and attracting new business and investment that will achieve our regional growth objectives.

The Global Perspective

From a global perspective, the vision is for LCR Freeport to become a global centre for innovation in the identified Key Markets, utilising the unique regional innovation eco-system and offering investors/companies a world-class environment to innovate and advance their objectives.
The objectives of the LCR Freeport Innovation Strategy and of the innovation partners are synergistic to the Department of International Trade's (DIT) focus on increasing trade through exports and Connected Places Catapults focus to opening new markets for businesses registered in the UK and stimulating international collaboration. The Innovation Strategy also works to support increased investment, again supporting DIT's core focus of growing FDI, into UK innovation – whether through SME's setting up within the eco-system or attracting capital investment, or through existing international companies re-investing into the innovation eco-system.

In driving international collaboration, the Connected Places Catapult's City Innovation Twins programme is a methodology for finding high potential city twins between the UK and partner countries and supporting them to collaborate with the ambition of supporting the further development of the Smart Cities agenda; this includes jobs creation, global access for participating entities, shared socioeconomic prosperity (increasing trade and investment between both locations) and lasting R&I collaborations focused on solving city challenges while supporting post-Covid recovery.

By example, Liverpool Combined Authority and the City of Busan in the Republic of Korea have been exploring strengthening their collaboration ties as part of the UK-Republic of Korea Innovation Twins Programme. The Programme was established to strengthen bilateral research and innovation collaborations with the long-term ambition of creating opportunities for bilateral trade and investment and shared economic prosperity.

Among the potential areas for collaboration are ports and the maritime industry. Busan hosts South Korea's biggest port and is also home to a Free Trade Zone where the Korean government supports and guarantees free manufacturing, logistics, distribution and trade activities with various benefits such as tax and rent reduction/exemption. The LCR Freeport Innovation Strategy will actively seek to promote and leverage opportunities such as the Liverpool-Busan City Innovation Twin Programme, which may include key projects (identified as strengths and areas for growth in both locations) in:

- Port innovation and internationalisation
- Energy Management
- IoT and data Plans
- Healthcare and delivery
- District and Place-Based Innovation

Key LCR Freeport Innovation Projects

The first innovation projects will be linked to Grand Challenge 1:

- Transferable solutions to optimise and decarbonise LCR Freeport Gateways, notably port operations, vehicles, and vessels in ports (cold ironing)

LCR Ventures will construct a competition to seek projects and proposals with a high commercialization and exploitation potential to address this challenge. Future competitions will be run to address the other challenges, again being market-led to maximise the opportunities for potential export of UK IP or through establishing new international partnerships and regional investment opportunities. The details relating to this work will be set out in the LCR Freeport Delivery Plan.

Table 3.1 Key LCR Freeport Innovation Projects

Project Name	Start/End Dates	Key Activities	Bodies Responsible	Link to local innovation opportunities	Link to national innovation strategies or initiatives	Other comments
Net Zero HGV Trial	April 2023 – March 2030	BEV and H HGV demonstration with infrastructure and R&D	LCR CA, CPC, OEMs, MTC, LJMU, UoL, Inf providers	LCR Freeport Innovation Strategy, Port Access Steering Group Part of LCR Freeport Living Lab	Net Zero Strategy InnovateUK DFT	First major LCR Freeport led project, subject to approval process
LCR Freeport Living Lab	Ongoing	Facilitation and leadership of new R&D programmes	Partners as per the opportunity	Consistent with LCR Freeport Challenges	As per wider innovation strategy	Basis for collaboration across LCR Freeport, Managed by Giles Jones, Innovation Lead
LCR Freeport Challenge Fund	Ongoing	Mechanism to provide match funding to emerging Freeport projects	Partners as per the opportunity	Consistent with LCR Freeport Challenges	As per wider innovation strategy	Basis for match funding across LCR Freeport, Managed by Giles Jones, Innovation Lead

Resourcing the LCR Innovation Strategy

Creating a thriving innovation ecosystem for the LCR Freeport will require joined up thinking and an innovation roadmap that will build innovation activities and skills capacity across LCR.

LCR Freeport Management Team

Innovation will be led by a dedicated member of the Freeport Management Team, potentially employed by Lyva Labs, to ensure the work programme is properly embedded in the innovation commercialisation function in the Liverpool City Region..

Key Partners

The Freeport innovation proposition has been prepared in partnership with the Growth Platform, the LCR LEP and the key sector sub-boards including the Manufacturing Board (with detailed follow-on sessions with the automotive sector), Pharmaceutical and Maritime. Opportunities for private sector supported research and development projects cut across the priorities of each of the groups engaged as local businesses are keen to enhance local R&D capability, attract global investment and bring new products to market.

The Connected Places Catapult have been consulted in the preparation of the Innovation Strategy and will be a partner to the Freeport's Innovation Programme.

HEI collaboration

As part of LCR Freeport development, the UoL and LJMU are exploring areas of joint research and innovation strength. Both Universities have been keen to play a critical friend role for the LCR Freeport.

The Freeport Regulatory Engagement Network (FREN)

The LCR Freeport has identified Key Market Areas that present a high growth potential for the region. This has informed the identified Grand Challenges that, alongside other measures such as the Innovation Board, will be used to mobilise the innovation assets in the region to market making initiatives and projects that lead to exploitation opportunities. Due to the nature of the identified markets, regulatory barriers to scalability and transferability are to be expected, for example in the safe storage of future fuels, the approvals of new manufacturing and quality control methodologies, the trial and testing of new transport technologies and HMG guidance on borders and customs processes.

Initiatives launched and delivered through the LCR Freeport Innovation Strategy will consider and capture emergent and foreseeable regulatory issues that will potentially throttle regional growth ambitions and actively engage with the Freeports Regulatory Engagement Network to raise these issues and present potential routes to resolution where applicable (i.e. where a solution has been scoped or considered as part of the innovation activity within the region).

Add Freeport Innovation Network?

Funding

£750,000 of the Seed Investment Fund will be utilised for a series of projects across the 3+2 Grand Challenges. The Innovation Strategy, including concepts outlined in the FBC regarding the Challenge Fund (the Seed Investment Funds allocated to innovation) and the Living Lab – the working title given to the collaboration and industry challenge theme will be taken forward by one of the LCR Project Managers until such time as a full-time person can be appointed. The £50,000 revenue resource is allocated in the Freeport Management Team budget. The LCR Project Manager will work closely with the LCR CA Innovation Lead and key innovation partners, including Connected Places Catapult and the local universities to implement the programme outlined in this strategy.

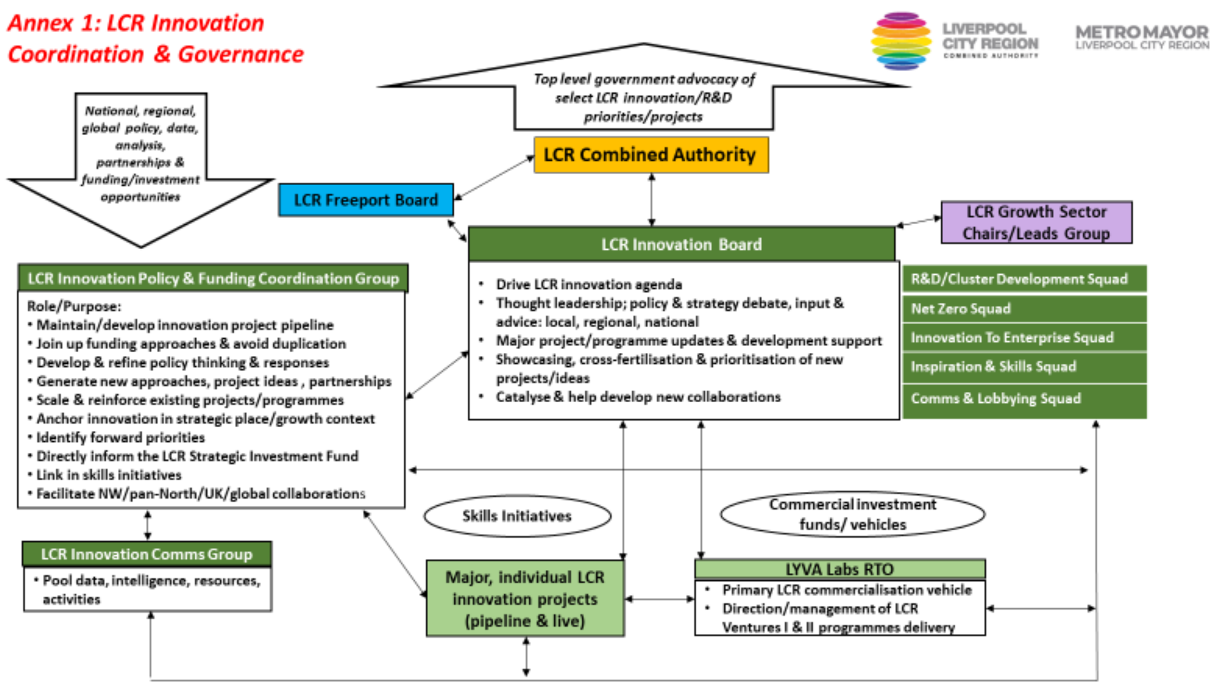
Liverpool City Region Freeport

Table 3.1 Funding LCR Freeport Innovation Projects						
Project Name	Cost	Funding Source	Funding Status	Start / End	Actions to secure funding	Other comments
Net Zero HGV Trial	C£50m	InnovateUK. /DfT	Application deadline in October 2022	April 2023 – March 2030	Application form to be complete by October 12, interviews and selection by December 2022	First major LCR Freeport led project, subject to approval process

Governance

The context for successful innovation partnerships is the LCR Innovation Board, the first such board established in 2013 and the "Smart Specialisation" approaches mapped out in the 2014 Innovation Plan. This work has been reviewed and updated in the 2017 Science and Innovation Audit and fed directly into the evidence-based Local Industrial Strategy with an explicit focus on Innovation. Consistent with the Freeport's inclusive economy values, the innovation work builds on the UK's 1st dedicated Innovation Skills Action Plan, prepared in 2019.

The LCR Freeport Innovation work programme will be reported to the LCR Freeport Board and the LCR Innovation Board. The work programme will be guided by the LCR Innovation Board and investment decisions signed off within the Scheme of Delegation established by the Freeport Board.



Monitoring and Evaluation

A key success measure for partners is the establishment of an innovative multi-modal, multi-gateway trade and logistics platform for the efficient handling of goods throughout the Freeport Customs Sites. The Innovation Strategy will form a core part of the wide Monitoring and Evaluation Framework to be agreed between the LCR Freeport and DLUHC. The Innovation lead for LCR Freeport will prepare the inputs into the wider reporting framework.

Potential measures of progress include, but not limited to:

- £invested in R&D by public sector
- £invested in R&D by private sector
- SME supported
- Contribution to Net Zero (tonnes CO2 saved annually)

Table 4 RACI for LCR Innovation Delivery					
	LCR Freeport Innovation Lead	Freeport Director	LCR CA Innovation Lead	LCR Innovation stakeholders	LCR Freeport Board
Overall delivery of strategy	Responsible	Accountable	Consulted	Consulted	Accountable
Reporting to the Freeport Board	Consulted	Accountable	Consulted	Informed	Informed
Securing Funding	Responsible	Accountable	Consulted	Responsible	Accountable
Monitoring and evaluation	Responsible	Accountable	Informed	Informed	Accountable
Delivery of Innovation project	Consulted	Consulted	Informed	Accountable	Informed
Annual Review of Strategy	Responsible	Accountable	Consulted	Consulted	Accountable

Appendix A: University projects

University of Liverpool

HMT AREAS OF INNOVATION FOCUS		
PORT-SPECIFIC INNOVATION *Direct benefit to air, rail, ports e.g., autonomous cranes and cargo-handling; customs software*	PORT-RELATED INNOVATION *Indirect benefits to air, rail, ports or their supply chains e.g., autonomous transport; modern methods of construction; industrial decarbonisation*	NON-PORT RELATED INNOVATION *Innovation unrelated to air, rail, ports that can take advantage of port-proximate locations or the FP wider offer e.g., pharmaceuticals; quantum technologies; advanced materials; robotics*
Smart ports: "Digitalisation for operational efficiency and GHG emission reduction at container ports" [ULMS; EPSRC & Siemens; 2021-2022]	Decarbonisation: "SCALE: Soft Computing to Accelerate fulfilment & Logistics Efficiency" [ULMS; Innovate UK; 2020-2022]	People, Health and Wellbeing: "Translating modern slavery supply chain policy ambitions into practice: activating behavioural triggers" [ULMS; AHRC; 2022-2023]
Smart ports: IRIS 54496 EPSRC	Smart ports: IRIS 104202 Royal Society	Decarbonisation:

Intelligent Monitoring using rapid image capture and telematics.	Sensor stability: A step towards unattended in-situ and on-site monitoring of trace elements in coastal systems	"Post-Consumer Resin - Understanding the quality-performance linkage for packaging" [ULMS; UKRI; 2020-2023]
Smart Ports: IRIS 113910 STFC Development of HV-CMOS sensor technology for future tracking applications	Decarbonisation: IRIS 164521 RE 'Make Liverpool's Air-Quality Great Again': Building Liverpool's Air-Quality Sensor Network	Decarbonisation: IRIS 170478 EPSRC Plasma decarbonisation of methane for the cogeneration of COx-free 'blue' hydrogen and high value-added carbon materials
	Modern methods of construction: *IRIS* 68127 Innovate UK Passive RFID Integrated Sensor Matrix (PRISM)	Decarbonisation: IRIS 155529 EC Biomass gasification with negative carbon emission through innovative CO2 capture and utilisation and integration with energy storage
Smart ports: IRIS 81036 EC Development of a smart integrated miniaturised sensor system for analytical challenges in diagnostics, industry and the environment (SIMS)	Smart port: IRIS 155593 LCR 4 START (Sensor City)	Decarbonisation: IRIS 117812 EPSRC Organic Mixed Matrix Membrane Technologies (ORGMEMT) for Post-Combustion CO2 Capture
	Industrial Decarbonisation: IRIS 70769 EPSRC knowledge enabling development of robust new sensors, initially for temperature measurement, for the power transmission industry.	Decarbonisation: IRIS 72756 EPSRC Step Change Adsorbent and Processes for CO2 Capture
Smart ports (land): IRIS 165145 Research England A Novel portable sensor for in-situ measurements of Biotoxins in marine and freshwater environments	Industrial Decarbonisation: IRIS 69179 Innovate UK knowledge enabling development of robust new sensors, initially for temperature measurement, for the power transmission industry.	Quantum technologies: IRIS 150687 (USA) A 100-meter Quantum Sensor
Smart Ports (land) IRIS 153693 Royal society		Quantum technologies: IRIS 154988 UK NQT Evaluating the Potential for Quantum Sensors in Navigation

Network Capacity Limits of Short-Range Wireless Connectivity Standards for the Internet of Things		
Smart Ports (land) IRIS 121369 – Industry Enabling Instrumentation Connectivity.		
Smart Ports (land) IRIS 101945 EPSRC E-Infrastructure Interconnectivity.	Smart Ports: IRIS 123188 Science of Sensor System Software.	*Advanced materials: IRIS 173351 EPSRC* Epitaxy and fabrication of a-Ga2O3 on Graphene Solar-Blind Sensors
Smart Ports (land) IRIS 167815 EPSRC A New Frontier For Internet of Things Security: Far-Flung Key Generation	Smart ports: IRIS 123188 Royal society Geometric sensor networks with random topology - structures and communication	Smart Ports (land) IRIS 172711 STFC Enabling equitable digital society through sensor technologies
Smart Ports (land) IRIS 153693 Network Capacity Limits of Short-Range Wireless Connectivity Standards for the Internet of Things	Smart ports: IRIS 64264 Royal Academy Efficient control mechanisms in ad-hoc/sensor networks.	*Advanced materials: IRIS* 170714 STFC Silicon Photosensor Development for the Low-Background Frontier
Smart Ports (land) IRIS 151077 Algorithms for the Internet of Things	*Modern methods of construction: IRIS* 166531 NERC Development of 25 Year Environment Plan D1 Habitat Connectivity Indicator	*Advanced materials: IRIS 129289 Innovate UK* Flexible, high speed, reel-to-reel biosensor manufacture
Smart Ports (land) IRIS 146767 BEIS Optimisation of future mobile communication networks for the Internet of Things	*Smart Ports: IRIS 168149* *UKRI* *5G-Driven UAVs for elevated body temperature detection and unlawful crowd warning*	*Environment IRIS 70767 Innovate UK* The project will introduce and embed new knowledge enabling development of robust new sensors, initially for temperature measurement, for the power transmission industry.
Smart Ports (land) IRIS 167780 DCMS 5G Create	*Modern methods of construction: IRIS 173217* Sustainable and scalable manufacturing of 2D sensors (2DS) for next generation structural health monitoring and	*Environment IRIS 53202 EPSRC* Environmental biogenics using sensor-regulated genes for in situ assessment of pollutants in soil

	digital manufacturing of concrete (SCABLING-SENSCORE)	
Smart Ports (land) IRIS 165038 Innovate UK 5G Testbed and Trials Programme: Phase 1	*Health and Environment* *IRIS 165145 RE* *A Novel portable sensor for in-situ measurements of Biotoxins in marine and freshwater environments*	
Smart Ports (land) IRIS 150494 Design and Measurement Methodologies of Massive MIMO Antennas for 5G Communications	*Smart Ports: IRIS 165015* *LCR 4 START SENSOR CITY*	
Cargo-handling; IRIS 169106 *Industry* *RoboTip: Finger-shaped Tactile Sensor with High Spatial Resolution*	*Health and Environment IRIS 164521 RE* *'Make Liverpool's Air-Quality Great Again': Building Liverpool's Air-Quality Sensor Network*	

Liverpool John Moores University

HMT AREAS OF INNOVATION FOCUS - DECARBONISATION		
PORT-SPECIFIC INNOVATION Direct benefit to air, rail, ports e.g., autonomous cranes and cargo-handling; customs software	PORT-RELATED INNOVATION Indirect benefits to air, rail, ports or their supply chains e.g., autonomous transport; modern methods of construction; industrial decarbonisation	NON-PORT RELATED INNOVATION Innovation unrelated to air, rail, ports that can take advantage of port-proximate locations or the FP wider offer e.g., pharmaceuticals; quantum technologies; advanced materials; robotics
IRIS real-time information system for rail operators [LOOM, RCEEE; Innovate UK First of a Kind 2020-21] In development: Battery energy storage for ports/vessels at berth [LOOM]	Co-designing the 15-minute city [LOOM, RCEEE, GERI; DeCarboN8 EPSRC Network 2020-21] In development: Novel modal shift to freight shipment using passenger rail capacity [LOOM]	Bio-based/recycled low carbon cement to decarbonise the construction industry [BEST; Innovate UK] PRIGeoC – novel geopolymer concretes [LOOM with Univ of Plymouth and partners in Greece, Malaysia, Thailand and China, H2020 RISE, 2016-21]

HMT AREAS OF INNOVATION FOCUS – LOW CARBON INNOVATION		
PORT-SPECIFIC INNOVATION	PORT-RELATED INNOVATION	NON-PORT RELATED INNOVATION
Low Carbon Eco-Innovatory [BEST with Univs of Liverpool and Lancaster, ERDF, 2020-23] Eco-I NW [BEST with Univs of Liverpool, Lancaster, Central Lancashire, Cumbria & Manchester Metroplitan, ERDF]	Resilience and risk of offshore wind energy generation structures under extreme conditions [LOOM with University of Shanghai Science & Technology, Royal Society, 2018-20] In development: Hydrogen as a marine fuel – risk and safety analysis	Clean Growth UK [BEST with Univs of Portsmouth and Brighton, Research England, 2020-23] ARCWIND – site location methodology for floating offshore windfarms [LOOM, with universities and companies in France, Spain, Portugal and Ireland, EU Interreg, 2017-20] Next Generation Solder Materials for Power Electronics and Green Electric Transport [GERI with partners in Japan and Malaysia, British Council/COP26, 2020-21]

HMT AREAS OF INNOVATION FOCUS - DIGITAL		
PORT-SPECIFIC INNOVATION	PORT-RELATED INNOVATION	NON-PORT RELATED INNOVATION
TRUST – Towards Resilient and Sustainable Container Transport [LOOM, European Research Council, 2020-25] Cybersecurity in the maritime industry [LOOM, Int. Assoc. of Maritime Universities, 2019-20] Design of an Augmented Reality Maritime Content Platform [PROTECT, Innovate UK Design Foundations, 2019] iBorderCtrl -AI technologies to support biometric identity validation, detection of prohibited/hidden objects/people, deceptive behaviours [PROTECT (Technical Lead), EU H2020, 2016-19]	Real-time Smart Green Dashboard for Local Authority traffic/noise/pollution monitoring and mitigation [LOOM, PROTECT, RCEEE, ERDF, 2019-21] Machine Learning for enhanced drone survey efficiency [PROTECT, SCS, US Fish & Wildlife Service, 2020-21] ANTI-SLIP – Using Network Rail and trainborne data to anticipate and mitigate the impact of 'slippery rail' [LOOM, RCEEE, Rail Safety & Standards Board, 2019-20] Rotorcraft certification by simulation [LOOM, EU Clean Sky 2, European Aviation Safety Agency, 2019-21]	LCR Holistic, with dissemination to Cheshire & Warrington – development of dynamic, flexible and agile digital SME supply chains in key sectors [both universities, ERDF, 2020-23] Market validation of a True Random Number Generator for secure communications in the era of IoT [RCEEE, Innovate UK, 2019] Real-time industrial monitoring using Machine Learning technologies for predictive and preventative maintenance [PROTECT, industry match-funded PhD, 2018-21]

HMT AREAS OF INNOVATION FOCUS – SMART PORTS		
PORT-SPECIFIC INNOVATION	PORT-RELATED INNOVATION	NON-PORT RELATED INNOVATION
RESET – Reliability and Safety Engineering and Technology for large marine and offshore engineering systems [LOOM with Univ of Plymouth and partners in Finland, Germany and Portugal, EU H2020 RISE, 2017-21] Maritime risk evaluation and safety optimisation in narrow straits and inland waterways [LOOM, Int. Assoc. of Maritime Universities, 2020-21 REMESH - emergency response supply chains [LOOM with Univ of Manchester and partners in Sweden, Germany Ireland and Spain, EU H2020 RISE, 2019-24]	Maritime autonomous ships – a UK-Taiwan joint co-operation in integrating the regulatory framework [LOOM, ESRC with Taiwan Ministry of Science & Technology, 2021-22] Safe and sustainable decommissioning of offshore structures [LOOM, RAE 2020-24] BAT approach to guide aerial vehicles safely through cluttered environments [LOOM, Royal Society International Exchange with John Hopkins Univ., USA, 2020] STOP-FIRE – emergency decision support system for firefighting situations on offshore installations [LOOM, EU H2020 RISE, 2019-20]	Drone research PROTECT, SCS, LCAPS, Metropolitan Police, 2020-21]

HMT AREAS OF INNOVATION FOCUS – PEOPLE, HEALTH AND WELLBEING		
PORT-SPECIFIC INNOVATION	PORT-RELATED INNOVATION	NON-PORT RELATED INNOVATION
Development of non-invasive diagnostics for use in infectious disease prevention and diagnosis [BEST with LSTM, UKRI Strength in Places, 2020-25] LADDER – Lookout Awareness of Distractions and creation of a Distraction Evaluation Ratio [LOOM, MarRI-UK, 2020-22] In development:	GOLF – sustainable and resilient agri-food supply chains [Both universities with Univ of Hull, Global Biotechnology Transfer Foundation and partners in the NL and Norway, EU H2020 RISE, 2018-22] SKILSEA – Futureproofed skills for the maritime transport sector [LOOM with partners in 12 EU countries, Erasmus+, 2018-22]	

1) Mitigation of Freeport impact on host communities' health and wellbeing. 2) Linking LCR research base strengths in detection technologies (sensors, drones, big data, Machine Learning) with public health agencies and the Police.	ENHANCE – human reliability analysis and training [LOOM, HEALTH, EU H2020 RISE, 2019-23]	

Appendix B: STFC projects

The following list provides links to case studies for key projects being undertaken by the STFC in the Liverpool City Region:

(i) Decarbonisation

- Logistics - https://breathetech.co.uk
- Green energy - https://stfc.ukri.org/files/using-intense-computing-to-investigate-wind-farm-effects-on-coast/
- Towards fusion energy - https://www.ukri.org/news/ukaea-and-hartree-centre-accelerate-fusion-energy-research/

5 Digitalisation

- Virtual reality and design - https://www.hartree.stfc.ac.uk/Pages/Supporting-new-automotive-product-design.aspx

6 Smart Ports

- Reducing the risk in vessel turn-arounds for ports - https://www.hartree.stfc.ac.uk/Pages/Reducing-the-risk-in-vessel-turn-arounds-for-ports.aspx
- Cargo Scanning (X-ray) - https://stfc.ukri.org/files/rapiscan-case-study/

7 People, Health and Wellbeing

- A chatbot starts an AI revolution in healthcare - https://www.hartree.stfc.ac.uk/Pages/Ask-Oli-chatbot-starts-an-AI-revolution-in-children%E2%80%99s-healthcare.aspx
- Health innovation support - https://www.innovationagencynwc.nhs.uk/about-us

	Live	Pipeline	New
Port-specific	**Cargo Scanning (X-ray).** Active collaboration between STFC and Rapiscan for time-of-flight and backscatter X-ray detection of goods in cargo container. Case study **Automatic scanning of manufacture regulations across the world.** STFC Hartree active project with a client to scan regulatory websites for automatically identify updates in regulations/guidelines. **AI-assisted legal document redaction.** Active project between STFC Hartree and law firm Weightmans. To use artificial intelligence AI	**Cargo Scanning (Multi-linac).** STFC-led CLASP proposal submitted. Partners: Rapiscan/STFC/Lancaster University. Objective: Multi-linac scanning. Size: ca. £200k **Dry-side Port Logistics.** University of Liverpool/STFC collaboration to develop a Digital Twinning solution to optimise the dry-side post logistics. **Logistics Optimisation.** STFC Hartree activity on classical + quantum computing applications for	**Autonomous Cranes guided by smart robotics technology.** Proposal being developed by STFC with collaborators on combined cargo scanning, with autonomous cranes movement around docking area. (STFC, Rapiscan, other partners) **Digital Twin of Merseyside barrage proposal.** Survey or monitoring the Mersey and spotting the best place for the location. **Live analysis of containers location on port dry side.** Coupled with sensors technology and data optimisation, live analysis to reduce goods delay, customs issues and client costs.

	technologies to assist solicitors in redacting information faster and more cost-effectively without compromising on accuracy or security. Case study **Multi-robot routing using Quantum Computing technologies.** STFC Hartree project with OCADO, for warehouse robot routing optimisation. Published paper **Reducing the risk in vessel turn-arounds for ports.** Researchers based at the STFC Hartree Centre worked with worked with Peel Ports Group to reduce uncertainty in available draft on vessels arriving and departing in ports using AI. Case study	logistics optimisation, for applications on wet- and dry-side goods movements **Pilot for ship navigator.** Driven by IBM & Hartree. Ongoing discussions with the Port Master at Liverpool to build an app/tool to help ship navigate the port, scheduling slots, docking, etc. **Predictive live-data monitoring, for operational excellence.** STFC Hartree working with company Voltvision – data extraction and analysis for lower voltage power usage, reduced CO2 emission and operational excellence. www.voltvision.com	**"Phoenix" Drone Project.** Led by DroneMajorGroup – supported by STFC Hartree - a test and development area for drone technology is planned for LCR. The company entails the delivery of drone services across surface, underwater, air and space environments. According to the group, the projects will be commercially viable, scalable and environmentally sustainable.
Port-related	**Smart Warehousing by Breathe Technologies – Daresbury Campus company.** Monitoring the status of goods, across a larger cluster of businesses in the same space. Automation and robotics, for the perfect flexible warehouse. Multi-user, multi-tenant solutions. https://breathetech.co.uk **Robotics handling solutions from Breathe Technologies.** Cimcorp has several solutions for the warehouse & distribution sector. Proven technology to streamline the material flows inside distribution centres and production plants. https://breathetech.co.uk **Virtual product design (engineering).** Collaboration between STFC Hartree and UoL Virtual Engineering Centre, to	**Air quality monitoring in/out of the port.** Collaborative project with Data Performance Consultancy. Pilot on-going with LCR. Once validated it can drive policy decisions. **Data integration from different sources for port logistics applications.** Building on Hartree project on Climate Resilience Demonstrator (CReDo). Case study **Improved business performance through better data handling.** An example of digital transformation thanks to better data quality for Altus Group – this could be easily	**Bespoke parts manufacturing (for ships and port machinery).** Additive manufacturing and metal 3D printing from Kingsbury Engineering, based at the Campus Technology Hub – STFC Daresbury. https://kingsburyuk.com **Network of sensors for building monitoring**, by IOT Horizon, company based at the Campus Technology Hub – STFC Daresbury. https://www.iothorizon.com **Using blockchain for greater finance transparency.** As part of the ERDF-funded LCR 4.0 programme, we helped peer-to-peer car finance company BLOCKTRACK to turn an idea into a demonstrator, enabling the adoption of a novel technology. Case study

	develop computer-aided engineering (CAE) process templates and optimisation methods to support future designs for Jaguar Land Rover. Case study. **Virtual product design (liquid formulations).** Consumable Computing for Chemistry user-friendly tools making formulation design easy for industrial users (from an iPad app or web interface). Application demonstrated with Unilever. Case study	applied to port-relevant data. Case study **Speeding up data ingestion for property surveying.** STFC Hartree helped Chartered Surveyors Roberts Vain Wilshaw to automate the integration of new data into their technology stack, freeing up valuable staff time and generating a competitive advantage over less efficient manual approaches. Case study **Battery predictive failure.** Currently a Hartree project with Faraday Battery, through the C&W4.0 programme, to improve reliability of battery packs for large electric vehicles e.g. trains and buses. The same remote sensors analysis approach can be extended to the shipping sector as well.	
Non-port-related	**Supporting new automotive product design.** Collaboration with the Virtual Engineering Centre (VEC) and access to the STFC Hartree Centre's visualisation suite has enabled Bentley Motors to integrate the use of virtual models into their new product development process, improving design at an early. Case study **Solving technical challenges to build fuel cells of the future.** The STFC Hartree Centre has provided SME ACAL Energy with the supercomputing capability they required to gain a better insight into their fuel cell technology, enabling them to solve a technical performance problem. Case study	**Transforming the site into an IoT connected campus.** As the Internet of Things (IoT) continues to gains traction, the STFC Hartree Centre has demonstrated the opportunities and possibilities – plus its own relevant expertise – by turning Daresbury Laboratory into a 'connected campus'. Case study **Flexible and scalable solutions for climate smart forecasting.** We are working with SME Weather Logistics to improve weather forecasting and help UK growers to make	**Export security systems.** Rapiscan is interested in future work on export security systems with potential benefits from export tax relief. https://www.rapiscan-ase.com **Developing next generation ocean modelling techniques.** The STFC Hartree Centre's computing capability and expertise is helping the GOcean project investigate next generation ocean modelling software. Case study **Developing visualisation and AI tools for engineering production.** Researchers based at the STFC Hartree® Centre and the Virtual Engineering Centre, University of Liverpool are working with Airbus in

		more informed decisions. Case study **Developing next-generation climate and weather models.** The Met Office is working with the STFC Hartree Centre to develop their next generation weather forecasting and climate prediction model. Case study	the UK to apply state-of-the-art artificial intelligence (AI) and data visualisation to their production process. Case study

Liverpool City Region Freeport

Appendix C: Challenges and Platform Mapping

LCR Freeport Innovation Grand Challenges	Baseline and Evidence	Unique Capability	Innovation Platforms (e.g.)				
			Sensors	MKH	Hartree	...	...
Transferable solutions to optimise and decarbonise LCR Freeport Gateways, notably port operations, vehicles, and vessels in ports (cold ironing)							
Transferable solutions to optimise and decarbonise ancillary Freeport freight and logistics operations, e.g. multi-modality, heavy goods vehicles, smart approaches to last mile logistics and the infrastructure to support alternative fuel sources (hydrogen and electric)							
Facilitating "Smart Borders" in line with the UK 2025 ambition, i.e. testing and implementing new, transferable digital systems, approaches and solutions to maximise the efficiency of customs, revenues and moving goods through LCR Freeport Gateways.							
Complementary Innovation Grand Challenges							
Decarbonise the marine and maritime sector, including reduction of carbon-based fuels and new propulsion technologies							
Identify and deliver new, transferable, research and development based solutions to deliver the Mersey Tidal programme							

M – Assumptions and methodology for retained rates business rates modelling / Tax Increment Finance Summaries

The Freeport TIF model is included in the dropbox folder.

Wirral, all figures in £'000

	Total	Five Year
Development	137,779	123,179
RV - Total uplift	£12,316.4	£9,862.1
Rates - Total uplift (risk adjusted)	£65,538.8	£47,734.8
Capital budget	£41,393.9	£30,043.8
Funding Pot	-£24,838.5	-£17,650.7

Halton, all figures in £'000

	Total	Five Year
Development	109,158	109,158
RV - Total uplift	£10,787.0	£10,787.0
Rates - Total uplift (risk adjusted)	£93,480.1	£93,480.1
Capital budget	£63,135.1	£63,135.1
Funding Pot	-£41,430.3	-£40,223.6

St Helens, all figures in £'000

	Total	**Five Year**
Development	576,141	390,985
RV - Total uplift	£37,809.4	£21,803.7
Rates - Total uplift (risk adjusted)	£284,061.9	£176,180.1
Capital budget	£191,613.7	£118,254.0
Funding Pot	-£77,046.5	-£70,568.6

Liverpool City Region Freeport Skills Plan

April 2022

Contents

Liverpool City Region Freeport

1. Summary

1.1 Liverpool City Region Combined Authority is comprised of the Local Authorities of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral. Established in 2014, it has a £33bn economy, serving 1.6m people: of these, 979,500 are of working age (16-64 years). Currently there are 658,200 jobs and 71,500 self-employed people.

1.2 The economic crisis provoked by the COVID-19 pandemic has had a detrimental effect on the people and businesses in the City Region: whilst recovery has been faster than many projected in early 2021, there have been sectors, businesses and groups of people who have found this challenging. This has exacerbated a number of the gaps that were previously in place, with women, black and ethnic minority people and those with a disability in particular requiring additional focus and support.

1.3 The economic crisis saw a significant increase in the number of people claiming unemployment benefits, and this has now reduced to 52,970 in December 2021, an increase of 32% compared to pre pandemic levels: this trend is encouraging. The number of people on furlough mitigated the expected increase in unemployment, although many have chosen not to return to their original job roles. Many businesses are finding it hard to survive this extended period, particularly in the Visitor and Culture Economy. There are other businesses, especially those in health, care, digital and logistics, who have seen strong demand for jobs and growth over recent months, and which expect to continue further.

1.4 Young people have been more affected than most in their job prospects, with them more likely to be working in affected sectors and employers than older workers. The additional support through schemes such as Kickstart has been optimised, although the full effects cannot be fully mitigated.

1.5 The number of vacancies advertised by employers has increased significantly during the year, and reached 20,000 per week by December 2021, falling back to around 18,000 per week in January 2022: this compares to pre pandemic levels of around 12,000 per week. Employers are finding it harder to recruit to experienced roles, and wage rates are increasing as a result. They are also having to put more time and effort into onboarding and inducting new staff, given the fierce competition for new staff with a range of innovative examples of practice in place.

1.6 There are a number of trends which can be captured from this current crisis which are likely to continue long after this: adopting a more hybrid approach to office/home based working, the expansion of the employer role and a social safety net and the change from efficiency to resilience as a focus are amongst them. Businesses will need to adapt to these trends, and the training support they require to capture these will need to change: businesses need to be clear about what these trends will be and to communicate them effectively.

1.7 The last 12 months have seen a focus from many employers on improving the employment terms and conditions of their staff as part of addressing shortages. The accreditation and celebration of employers against the Fair Employment Charter will identify those who are excelling at this.

1.8 The longstanding issue of qualification levels in the City Region being below national rates continue, and there is a significant risk of these being widened as a result of this crisis. Whilst there has been positive progress of late (especially at Level 4+), there remain gaps in GCSE attainment and at all qualification levels in comparison to national rates. Qualifications are used by many employers to sift applications hence the reason it is important to focus upon them and help residents to attain them.

1.9 The needs of employers have both remained largely the same and changed significantly over the last 12 months. New qualifications have been introduced in our colleges which more closely meet the needs of businesses locally. Providers have demonstrated significant resilience and flexibility to meet employer and learner demands. Despite the best efforts of many though, there remain many people who are unable to access digital learning, due to lack of equipment, connectivity or a quiet place to study. Additional support, equipment and connectivity has been provided to bridge this gap but there remain many who are without digital access.

1.10 There has been a consistent desire to see more involvement and engagement of employers in specifying their current and future skills needs over many years. The City Region is well placed with this given the involvement of many employers on the Employment and Skills Board and the connection with the LEP's Sectoral Boards, Chambers of Commerce and other networks. Through the implementation of the Skills for Jobs White Paper and the Skills Bill, Government is testing out new approaches to doing so on a sectoral or thematic basis: these are expected to be rolled out in 2022/23 following a pathfinder phase.

1.11 There are opportunities coming up in 2022/23 which will contribute to levelling up and provide reasons for further optimism and the Freeport is at the heart of driving these. To fully capture these opportunities will require many people to reskill and retrain, as well as other enhancing their skills through short courses. Colleges, training providers and universities will need to respond quickly to these needs to ensure that residents and employers are prepared for the opportunities and challenges ahead.

1.12 There is a strong foundation within Maritime and Logistics and Advanced Manufacturing withing the existing business base which acts as a basis to build out from in the Freeport. They employ 36,000 and 48,000 employees respectively contribute £1.9bn and £4bn to the local economy. There are existing people working in employers in these sectors that can be developed and supported to take up the roles that will eb created in the Freeport.

1.13 There is a robust and resilient employment and skills provision across the City Region, including many colleges, training providers and Universities alongside the broader employment support system and Jobcentre Plus. There is a range of provision in different organisations which supports people and employers to develop their skills. There is significant experience in large scale employment support and in being able to respond quickly to employers' needs. There is existing mainstream provision (including Adult Education Budget and Skills Bootcamp) which can be aligned and focused into supporting residents and employers in their Freeport skills needs: this will include:

- Prioritising entry level courses for Freeport employers through devolved Adult Education Budget and sector specific technical level Skills Bootcamp provision;
- Enabling pre employment training for Freeport employers with Jobcentre Plus through Sectoral Work Academy Placements;
- Offering Freeport employers recruitment support through existing employment support services;
- Colleges and independent training providers to work with Freeport employers to develop new skills based courses to prepare people for work in their companies;
- Regular engagement with Freeport employers through the relevant governance system to enable current and future skills needs to be captured;

- The current and future skills needs of Freeport employers to be clearly articulated in the Liverpool City Region Local Skills Improvement Plan and reflected in future commissioning activity (including Shared Prosperity Fund); and
- The curriculum and facilities required to deliver against the needs of Freeport employers will be reflected in the Strategic Development Fund proposal to be submitted by the Association of Liverpool City Region Colleges.

1.14 The key element of additional action will be to establish a Freeport Skills Academy as to focus and lead the employment and skills efforts. This will be codeveloped with colleges, training providers and Universities locally, aligning efforts with employment support services, and may be come an Institute of Technology. The main areas of focus will include:

1. Investing in facilities

Colleges, private providers and universities have seen investment in recent years to enable them to transform and offer the learning environment that employments and students require. In order to maintain this position, additional investment will be required to ensure that equipment is industry standard and relevant, enabling students to be trained using the equipment that they are using in the workplace.

2. Investing in curriculum development

Colleges, private providers and universities have a broad range of courses delivered by high class and experienced tutors that have been developed over recent years. In order to maintain the relevance of this provision and to meet the specific needs of new employers, there may be a need for new curricula to be developed, which would benefit from additional investment.

3. Helping long term unemployed people and care leavers to get Freeport jobs

One of the key elements of the Freeport's overall objectives is to reduce the unemployment levels within the City Region by 10%. Of the current levels, around 60% have been claiming Universal Credit for more than 12 months. This is the largest cohort and given their work history, it is likely that they will find it hard to immediately get into entry level roles being created within the Freeport. In order to address this, additional support will be provided through a short term wage subsidy scheme, based around the effective practice within Future Jobs Fund and Kickstart.

4. Promoting careers pathways and future skills needs

In order for employers to be able to recruit people, there is a need for clear promotion of the current and future job opportunities from employers within the Freeport. This will require the creation of clear progression pathways once it can be understood which jobs and roles are specifically available, and the production of materials and employer interactions which will enable people to see the hope and potential for these roles.

1.15 The implementation of these actions will be overseen by the Liverpool City Region Freeport Management Board and the Liverpool City Region Employment and Skills Board.

2. Labour market overview

Introduction

2.1 Liverpool City Region Combined Authority is comprised of the Local Authorities of Halton, Knowsley, Liverpool, Sefton, St Helens and Wirral. Established in 2014, it has a £33bn economy, serving 1.6m people: of these, 979,500 are of working age (16-64 years). Currently there are 658,200 jobs and 71,500 self-employed people.[11]

2.2 As a proportion of the total population, Liverpool City Region has a similar sized working age population as the rest of the country. Many of these working age residents tend to be younger. 20-34 year olds make up 21% of the LCR population compared to 19% nationally, while 35 to 49 year olds make up 18% compared to 19%. This is likely driven by the large student population in Liverpool. Many of these students remain in the City Region after graduating and join the labour force.

2.3 COVID-19 has had a large negative impact on our economy, and whilst our economy has started to recover: as of the summer of 2021 it was estimated to be 3% smaller than it had been at turn of the year. Given LCR's sectoral composition our area experienced a larger fall in output in the earlier stages of the pandemic, with output in April 2020 reaching an estimated 74% of January 2020 levels.

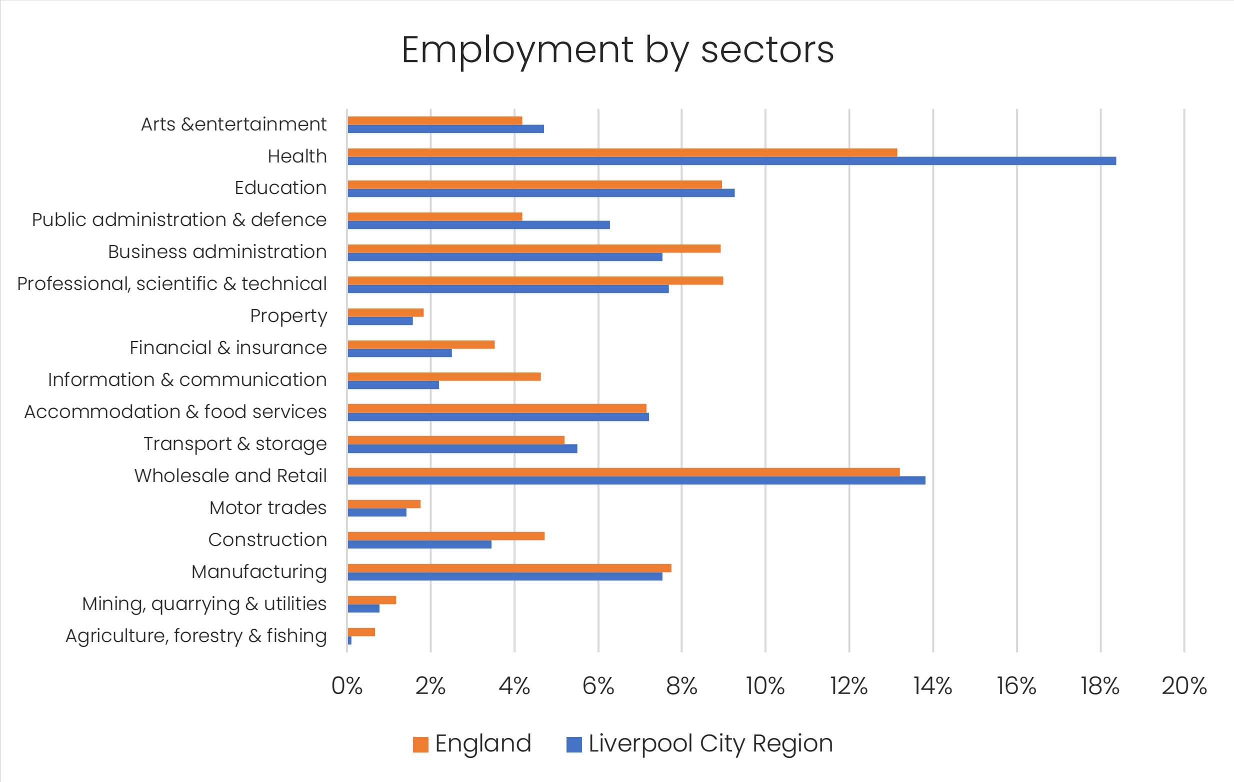
2.4 Prior to the pandemic, we recognised that many gaps remain to be narrowed and that long-standing issues remain; this includes higher than average levels of economic activity due to ill-health. The labour market in particular has become more complex and volatile with employers unable to recruit the staff that they need whilst there is a real danger that some individuals, especially younger people without work experience, may become more marginalised.

Economy and business base

2.5 Liverpool City Region is a £33bn economy as measured by gross value added (GVA). In the last decade, and prior to COVID-19, we added over £2bn to our economy in real terms. However, our productivity (GVA per hour worked) has been consistently below national levels in recent years; LCR workers produce on average £31 of GVA per hour worked, £3 (8%) less than national averages. The productivity gap with the UK is caused by both a higher prevalence of low productivity sectors, and lower within-sector productivity.

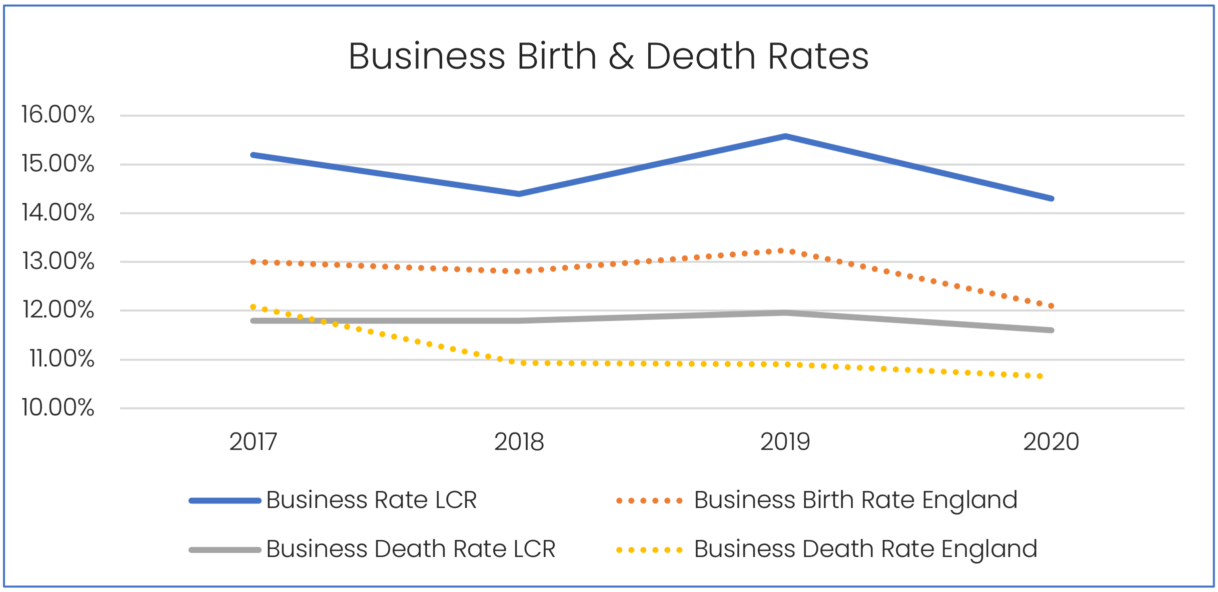
2.6 Particular sectors have contributed significantly to the growing economy of our local area, with Manufacturing performing notably strongly. The City Region generates significant output through manufacturing, particularly in Halton and Knowsley (contributing 36% of all GVA). Other sectors, including health, retail and education, also play a key role in the LCR economy and continue to add economic and social value, with Health in particular providing a larger proportion of employment than national rates.

[11] LCR Office for National Statistics, NOMIS September 2021



This intelligence has been informing our work to address key skills needs of particular sectors that are of strategic significance because of their contribution to GVA as well as sources of employment opportunities, especially in STEM and Health and Care associated areas. This has led to the production of a series of sectoral and thematic Skills for Growth Action Plans.

2.7 Our business base has grown consistently each year for a number of years and at a faster rate than the UK: in addition, the proportion of businesses failing to survive has been reducing since 2017 which will contribute positively.



2.8 The table below illustrates the significance of our growth and priority sectors against a number of measures and factors. More than half of the number of active businesses are operating in our growth and priority sectors.

	Employee Jobs		GVA		Number of Business Units	Size			
	No.	Proporti-on	Amount £bn	Proportion		0-9	10-49	50-249	250+
Whole Economy	637,000	-	32.8	-	53,810	82.2%	14.0%	3.3%	0.5%
PRIORITY SECTORS (figures below will not total the whole economy)									
Manufacturing	48,000	7.5%	4.0	12.3%	2,635	73.8%	19.4%	5.7%	1.1%
Advanced Manufacturing	22,000	3.5%	2.6	8.0%	685	65.7%	21.2%	10.2%	2.2%
Health & Life Sciences	121,000	19.0%	4.6	14.1%	3,815	57.7%	33.6%	7.6%	1.2%
Digital & Creative	22,000	3.5%	2.1	6.4%	4,020	91.5%	6.8%	1.4%	0.2%
Port & Logistics	36,000	5.7%	1.9	5.8%	3,760	88.7%	7.2%	3.5%	0.7%
Built Environment	31,000	4.9%	2.4	7.2%	7,675	92.1%	6.6%	1.2%	0.1%
Financial, Professional & Business Services	98,000	15.4%	4.4	13.4%	11,205	89.6%	7.9%	1.9%	0.6%

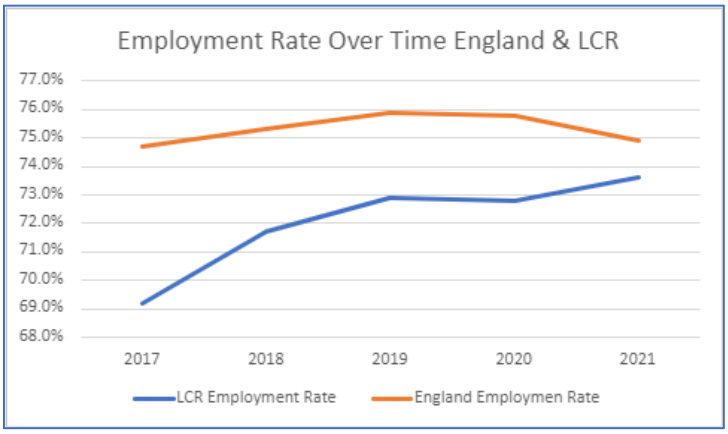
Source: ONS GVA 2020, BRES 2021 & Business Units (inc. Local Units) 2021

2.9 Liverpool City Region has traditionally benefitted from a large public sector, which has provided significant employment opportunities at all skills levels. A strong, healthy and resilient public sector also provides an opportunity for innovation and leadership and collaborative partnerships between the public and private sector. Public sector anchor organisations and their partners have been a cornerstone of LCR's response to the COVID-19 pandemic.

5.10 There has been recognition for the need to secure an economic rebalancing, with a much higher proportion of public sector jobs in the City Region than nationally. The intention is that private sector jobs growth can deliver high value jobs and increased GVA, and thus reducing the dependency on public sector employment.

<u>Employment, Unemployment and Economic Inactivity</u>

2.11 The growth in the Liverpool City Region's economy has resulted in positive impacts on employment levels and incomes. Our employment rate now stands at 73.6%, compared to an England rate of 74.9%. Our rate has increased by 4.4% since 2017 and we are continuing to narrow the gap between LCR and the national employment rate.

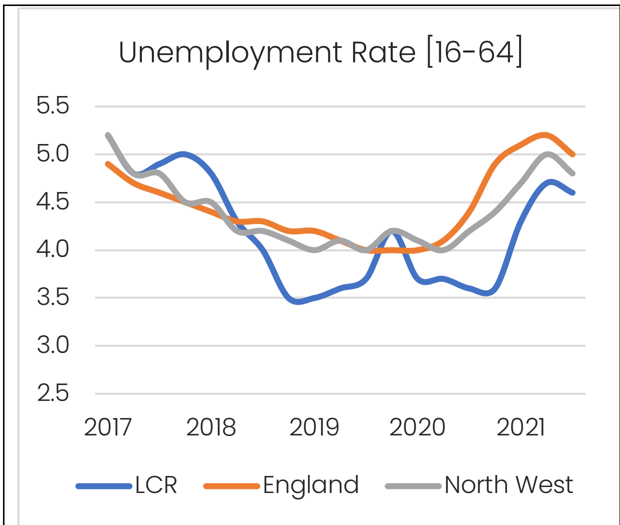


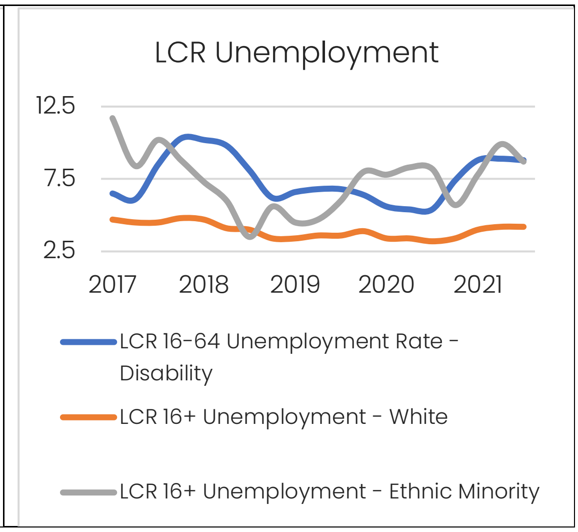
2.12 Progress has been made in narrowing the employment gaps for some groups: Male employment rates are above the overall rate for the City Region and all other groups, and progress to narrow the gaps for those with a disability and/ or learning difficulty appears to be being maintained. That said, gaps remain in the unemployment rates for particular groups, and there appears to be an effect brought about by the COVID-19 pandemic both in terms of the female employment rate and the rate for those from a non-white ethnic background; good progress prior to the pandemic was being made. It remains the case that too many people of working age continue to be not in employment, and more than a quarter of people still do not participate in the labour force as result of long-term sickness. Health remains a significant barrier to work and a barrier to increasing overall productivity.

2.13 However, there remain a number of groups which have gaps to the overall employment rates where more work is needed. In particular, females have experienced more of detrimental effect in the labour market over the past 12 months compared to males:

16-64 Employment Rate Gaps	LCR	England	Gap 2021 [Sep '21]	Gap 2020	Gap 2019	Gap 2018
Overall	73.6%	74.9%	.3%	2.8%	3.1%	3.7%
Males	76.4%	78.4%	2%	2.3%	3.4%	5.2%
Females	70.9%	71.5%	0.6%	3.1%	2.8%	2.2%
Minority ethnic	71.3%	67%	-4.3%	6.2%	9.8%	3.6%
People with a disability	51.4%	56%	4.6%	7.7%	5.8%	8.9%

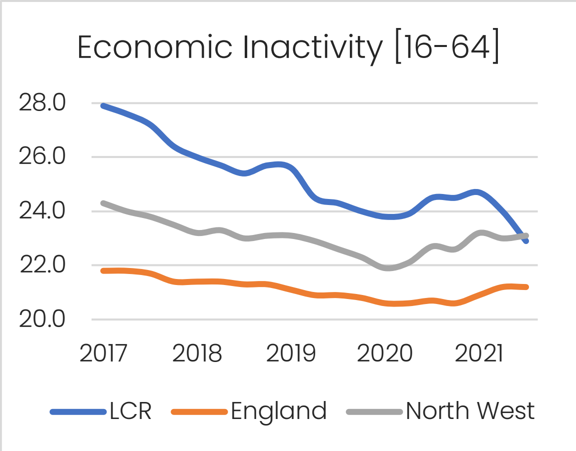
2.14 Prior to COVID-19, considerable progress has been made in reducing the level of unemployment. Unemployment had fallen significantly from 6.2% in 2004, to a recent low 3.7% in 2019: however, the impact of the pandemic and associated economic downturn have caused recent instability, although our rates continue to be below both national and regional comparisons. As of September 2021, the current unemployment rate in LCR for 16-64 year-olds is 4.6%, lower than the 5.0% national average, and the charts below illustrate a degree of volatility when compared to the NW, and England. In addition, more work is required to support people from an ethnic minority background and those who declare as disabled to be able to get into work:



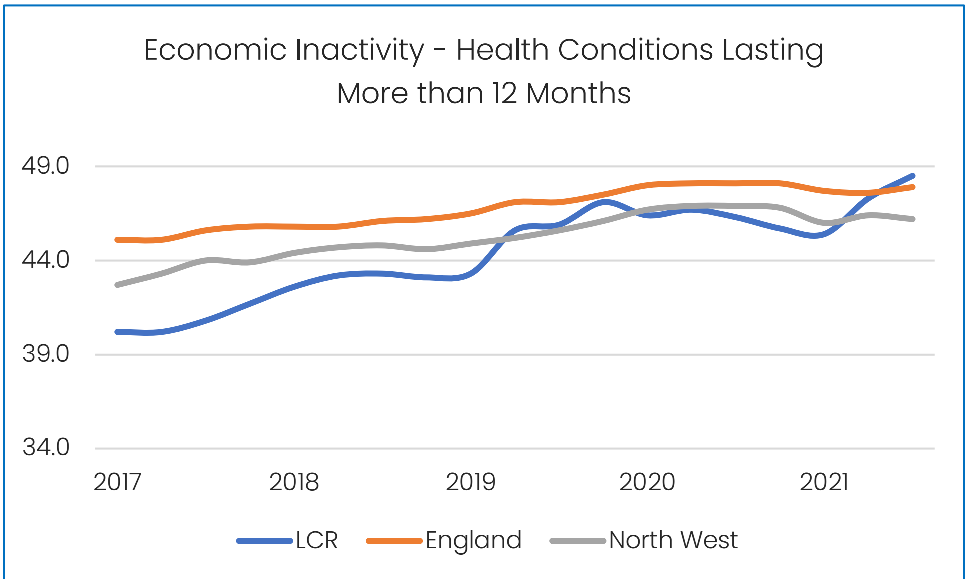


Source: ONS Annual Population Survey

2.15 This trend continues with people who are economically inactive which is now down to 22.9%, a recent low - particularly compared with the pre-pandemic rate in September 2019 of 24.3%. Whilst the trajectory of the overall rate is positive, there are particular groups who require additional focus including people from an ethnic minority background and those who are disabled.

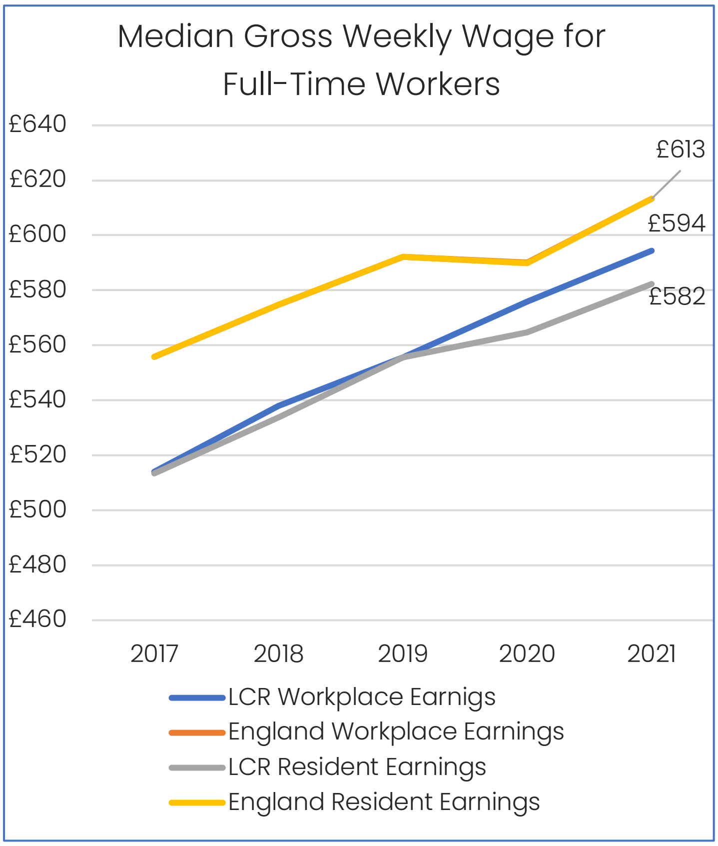


2.16 Of particular concern is the proportion of people who are economically inactive due to health conditions and have been so for more than 12 months. Whilst the overall numbers are reducing there is more that needs to be done to integrate health and employment support for such people to ensure that they can be supported into sustainable work.

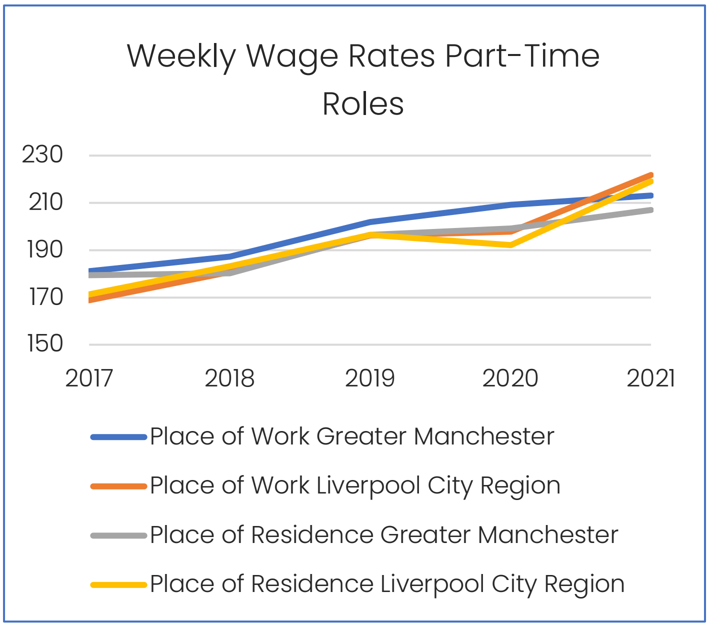


2.17 Although it will be some time before robust longitudinal evidence is available, employers are reporting increased levels of anxiety and poor mental health amongst many people following the pandemic, for those in and out of work. This has significant implications for employers in terms of the requirement for different approaches to recruiting and retaining staff (e.g. terms and conditions advertising; onboarding), for employment and skills programme design and funding; and sustained funding for programmes and activities to allow them to meet the needs of businesses and people.

2.18 A growing economy together with the sectoral nature of this growth has meant that there are now more people in employment. Consequently, there has been a growth in median gross weekly wages for those in full-time employment, and particular local residents: in 2019 there was no difference between residents and workers. However, the gap has started to widen again whereby wage levels are lower for LCR residents in work when compared to LCR workplace wage levels.



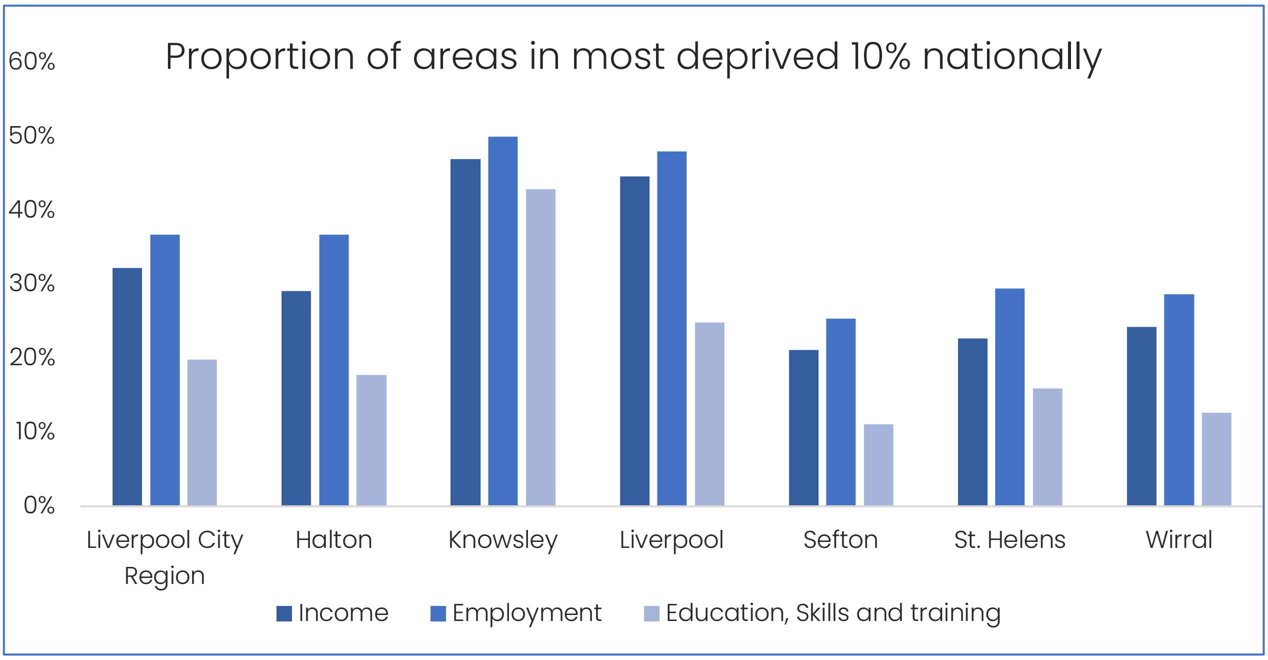
2.19 On average, LCR residents earn around £29,499 year and LCR is now ranked 20th out of the 38 LEPs (having been previously ranked 22nd). While many of the LEPs with higher salaries also have higher cost of living, LCR salaries are similar to the North West average and greater than those of many neighbouring LEPs. Over the last 5 years, median salaries have grown at the national rate (12%). Much of this growth has occurred in the last three years, reflecting strong economic performance and the tightening labour market. Wage rates for those in part-time work have continued to grow but wage rates for female workers resident in the LCR continue to lag.



2.20 Median wages vary significantly between the six local authorities in Liverpool City Region, and there is often a difference between resident and workplace earnings in each of the local authorities. Workplace wages are significantly higher than resident wages in Halton, Knowsley and Liverpool, while residents of Wirral, Sefton and St. Helens tend to earn more than workers in those local authorities. This is indicative of significant commuting flows between the local authorities.

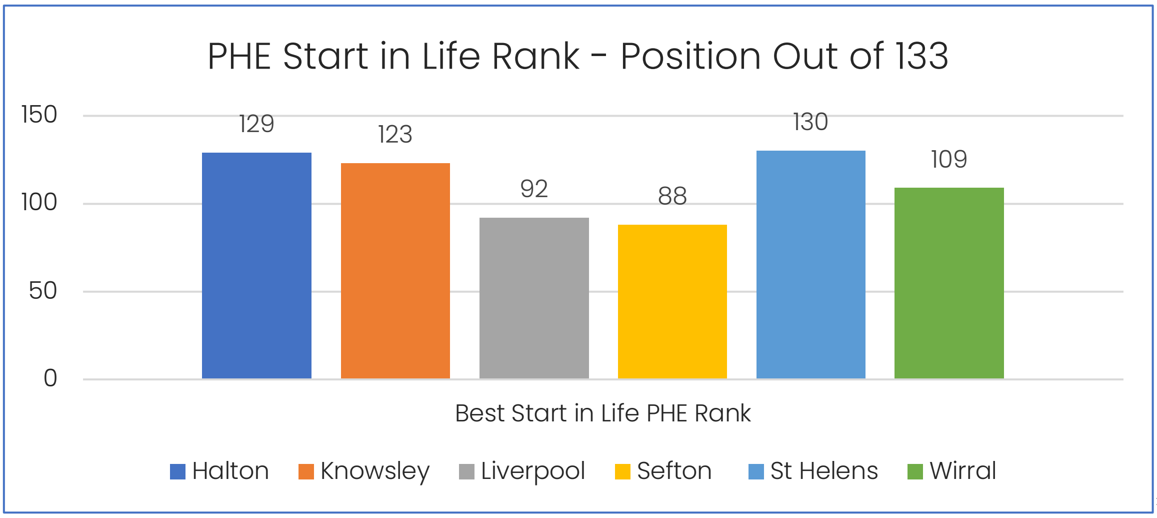
Deprivation

2.21 Liverpool City Region has significant levels of geographically concentrated deprivation with many of our local areas the most deprived in the country: 32% of middle super output areas (MSOAs) in the City Region fall in the bottom 10% of English MSOAs in terms of net household income.



Source: Indices of Multiple Deprivation (IMD) 2019

2.22 Local authorities in Liverpool City Region are amongst the worst in relation to Public Health England's 'Best Start in Life' ranking. All LAs are ranked out of 133, and the majority of LCR's authorities fall within the worst 10%. The factors within this ranking cover deprivation, inclusive health, protected characteristics and school readiness at a young age. Continued effects of child poverty and wider health deprivation across the region highlights the need to address the wider health needs of the population. Infant mortality rates in many of our authorities exceed the national average and life expectancy across the region remains lower than average for both males and females in every authority.

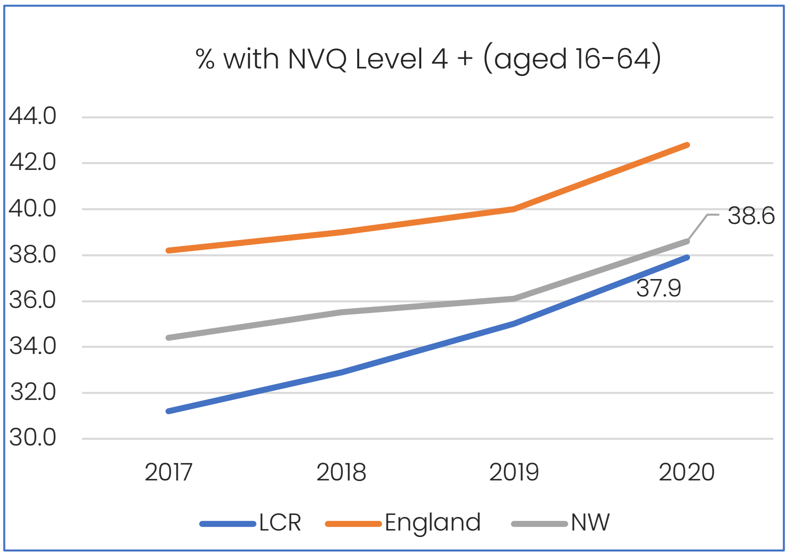


[12]

2.23 Various programmes aimed at tackling these inherent disadvantages are in place across the city region, providing additional support to families in need and working with local community groups to ensure everyone, especially children, have access to the support services they require. However, the core footprint of deprivation across the city region cannot be solved easily if we are to raise the livelihoods, aspirations and health of our residents.

<u>Qualifications</u>

2.24 Significant progress has been made to improve the skills of our residents and workforce in recent years. The City Region has seen the third fastest growth in the number of working age residents with Level 4+ qualifications out of all local areas, whilst the number of people with no qualifications has more than halved. In both measures, the City Region is catching up with the North West and England.



2.25 The Proportion of the local Working-Age Population with no Qualifications has declined significantly since 2014 and, despite the current economic and learning climate, evidence suggests that the numbers are still reducing.

2.26 Gaps have narrowed to national rates at all qualification levels but there remain further gaps to be closed. This is key as improving levels of qualification are associated with higher levels of skills, productivity and income. In order to get to national rates, Liverpool City Region would need to see:

- **47,700** more residents qualified to Level 4 and above;
- **45,000** more residents qualified to Level 3 and above;

[12] Public Health England Fingertips, Public Health Data Profile

- 24,700 more residents qualified to Level 2 and above; and
- 31,900 fewer residents without any qualifications.

A comparison illustrating progress over time is illustrated below

Level	2010 gap to national rates	2020 gap to national rates
Level 4+	66,700	47,700
Level 3+	47,400	45,000
Level 2+	15,800	24,700
Without a qualification	29,300	31,900

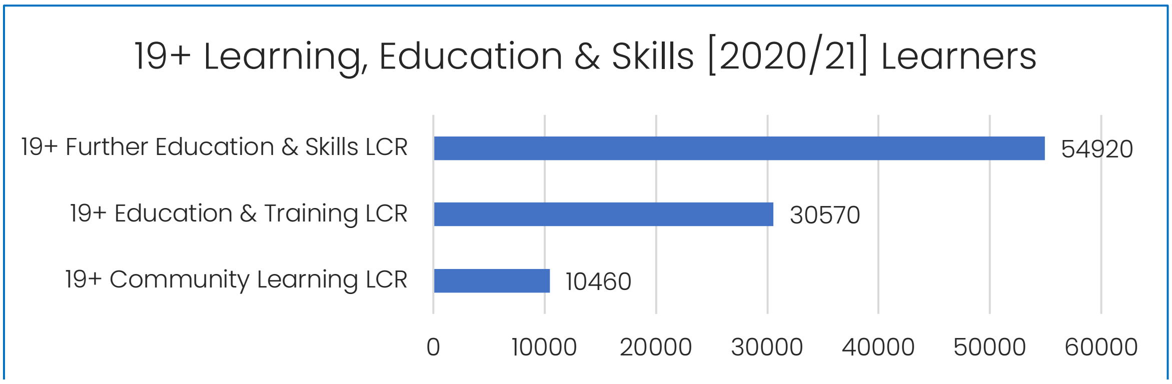
2.27 The educational performance of young people within Liverpool City Region has been an issue of concern for many years. There are bright spots of high learning and achievements, but these are too few and far between. Overall attainment continues to underperform compared with national levels, and below that which is required to enable young people to thrive and flourish in order for them to contribute fully to an inclusive economy. As outlined below, Liverpool City Region remains behind both the national average for Key Stage 2 (age 11) and significantly behind at Key Stage 4 (age 16), at both regional and combined authority level. This mitigates the ability of young people to secure better quality work, and often means that they spend time catching up to GCSE level when they could be developing the technical skills requested by employers.

AREA	Pupils Meeting Expected Standard at age 11 [2019]	Key Stage 4 Grade 5+ Inc English & Maths [2019]
Halton	60%	36%
Knowsley	63%	18%
Liverpool	62%	36%
Sefton	63%	36%
St Helens	66%	38%
Wirral	60%	46%
LCR	62%	35%
England	65%	40%

Further Education & Training

2.28 The City Region, through both the Devolved Adult Education Budget (AEB) and Community Learning Provision, continues to make progress across all levels of study at 19+. However, there is scope to refocus efforts on increased Level 3+ provision, outside English and maths. Our website has further details on AEB funding guidance, allocations and other supporting documentation for 2021/22 Here

2.29 Through our local AEB funded Test and Learn pilots, we are also working with some of our Learning providers to identify ways of better supporting tutors, advisers and learners to become more aware of local labour market employment opportunities and for this to be contextualised in the teaching of English, maths and digital skills training.



Apprenticeships [13]

2.30 Liverpool City Region has a strong history of delivering apprenticeships but has seen a decline in starts over recent years. This is a combination of the COVID impact, plus changes in the way in which apprenticeships are delivered and funded.

	2017/18	2018/19	2019/20	2020/21
Halton	1,030	1,090	870	800
Knowsley	1,360	1,430	1,210	1110
Liverpool	3,430	3,490	2,850	2620
Sefton	2,100	2,060	1,780	1630
St. Helens	1,540	1,590	1,310	1300
Wirral	2,770	2,530	2,020	1990
LCR	**12,230**	**12,190**	**10,040**	**9450**
North West	58,120	58,280	46,950	45860
England	375,760	389,630	322,500	321440

2.31 Apprenticeships have previously been a strong option for 16-18 year olds to enter the labour market and gain training alongside work. There has been a trend away from employers recruiting young people of this age into apprenticeships, with a growing proportion of adults starting apprenticeships. Emerging evidence, including discussions with providers, is indicating that many more young people are currently choosing to enrol on classroom based programmes; some young people are discouraged from seeking an apprenticeship due to the potential negative impact on family incomes. Consequently, the pool of young talent available for employers has reduced. Many young people have been affected by the impact of COVID-19 specifically around the lack of work experience, resulting in less opportunity for the to develop and evidence their work readiness.

LCR Apprenticeship Starts [All Ages]								
Age	2017/18		2018/19		2019/20		2020/21	
	Starts	%	Starts	%	Starts	%	Starts	%
<19	3,240	26%	2,730	22%	2,180	22%	1780	18%
19-24	3,250	27%	3,270	27%	2,560	25%	2610	27%
25+	5,750	47%	6,200	51%	5,300	53%	5070	53%

[13] Department for Education, Apprenticeships & Traineeships Data

Total	12,240		12,200		10,040		9450	

2.32 There has been a welcome trend towards higher level apprenticeships being studied, although this could be to the detriment of young people being able to access entry levels apprenticeships.

2.33 The COVID-19 pandemic represented, and continues to represent, a major economic shock to the economy in Liverpool City Region; it has exacerbated existing economic, employment and skills problems and inequalities whilst also exposing other communities and elements of the economy to new challenges and vulnerabilities. Young people have been particularly vulnerable to suffering disproportionately negative effects of COVID-19 due to their greater likelihood of being on skills programmes, including Apprenticeship programmes.

2.34 Starts in the Business Administration Sector Subject Area continue to be significant, although have declined which may reflect the withdrawal of some programmes and with the move to standards (e.g L2 Business Admin). Greater levels of delivery diversification are still required and centred on the ambitions to facilitate a high skills/ high value economy, provide attractive options for young people post-16, and attractive alternatives to university. The top 5 Curriculum areas with the greatest percentage of all starts are:

- Health and Social Care (34% of all starts- up from 27% in 2017/18)
- Business Administration and Law (28%)
- Engineering and Manufacturing Technologies (10.5%)
- Retail and Commercial Enterprise (10%)
- Construction and the built environment (7%)

2.35 Of the total starts, the proportion of Advanced Apprenticeships achievements has increased from 41% to 44% and that of Higher Apprenticeships from 6% to 9%. The number of achievements in relation to starts has decreased overall. Given the disruption to delivery, together with the overall decline in starts, and the reduction in data availability, it will be some time before a fuller overall assessment can be made.

2.36 Although the apprenticeship starts for gender and those identifying with a disability align with national averages, LCR lags behind others in relation to uptake of apprenticeship among individuals from a non -white ethnic background. Additional activity started in early 2021 as part of the Race Equality Programme to begin to tackle this issue, and the Provider Improvement Fund is supporting providers to be more responsive in their learning offer, curriculum design, and delivery.

2.37 As part of our apprenticeship levy transfer and brokerage system, the city region has successfully repurposed over £1.6 million of funding back into the area to support over 200 new apprentices across a variety of key sectors, including over £600,000 in Health and Social Care; 783 grants have been issues to support organisations with their wider skills training

Higher Education

2.38 Liverpool City Region is home to some of the most well-known higher education institutions in the world. The educational outcomes for those studying here are in most cases aligned to national averages, if not exceeding them in some areas. The majority of our undergraduates go into full-time employment after completing their degree (50%) with a further 15% in part-time employment and a further 10% in employment and further study; total Graduate employment at 75% is the same as the level for England. This rises to 65% (full-time employment), 10% (part-time employment) and 10% (employment and further study) for postgraduates- slightly above the England level

2.39 LCR universities and world leading linked institutions have highly specialised research departments and capabilities such as medical and biological sciences, chemistry, engineering and maths which offer opportunities for post-graduate studies. The unemployment rate for post-graduate students (3%) is lower than the England level (4%) and that of graduates other LCR graduates (6%).

2.40 Our higher education focused institutions (excluding FE) produce graduates which enter the following job sectors. As this data outlines, the vast majority migrate into professional occupations each year, with smaller numbers in the Care, Leisure & Other Service Occupation category.

Graduates entering work in the UK by Main LCR provider 2018/19 Academic Year					
	Liverpool Hope University	Liverpool John Moores	University of Liverpool	Edge Hill	LIPA
Managers, Directors & Senior Officials	10	65	65	30	5
Professional Occupations	155	700	880	585	10
Associate Professional & Technical Occupations	60	335	365	190	50
Administrative & Secretarial	55	140	165	90	5
Skilled Trades	5	25	15	15	5
Caring, Leisure and Other Service Occupations	60	108	85	140	5
Sales & Customer Service	40	180	120	110	10
Process Plant & Machine Operatives	5	15	5	10	5
Elementary Occupations	30	120	100	95	15

Source: HESA Graduates entering work in the UK by LCR provider 2017/18 Academic Year

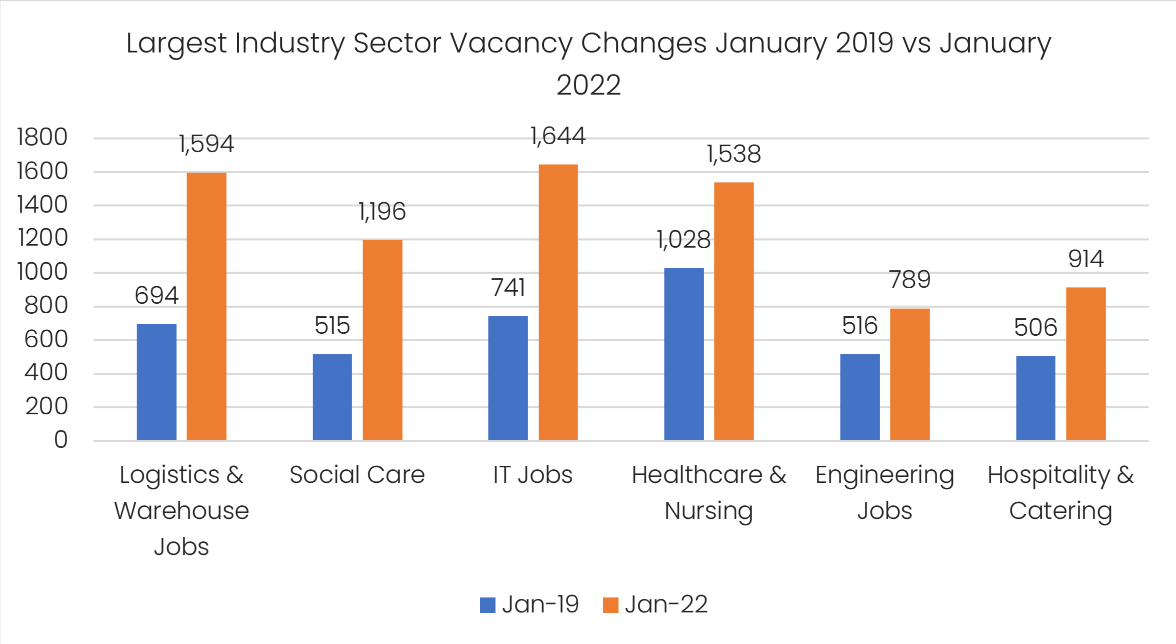
2.41 Focusing student outcomes into areas of sector demand and growth remains a key priority for the city region and higher education institutions throughout. 62% of LCR graduates were still living in the North West five years after graduating. This compares to around 50% of all graduates from English universities staying in the same region as the university. This rate rises to around 70% from LJMU and Liverpool Hope, while the University of Liverpool is similar to national rates.

2.42 Business and administration studies related degrees are the most common in LCR universities. This is the case for both undergraduate and postgraduate degrees. Compared to universities across England, LCR universities produce a high proportion of biological sciences; engineering and technology; and architecture, building and planning graduates. At the postgraduate level, they produce a high proportion of education; medicine, dentistry and other related subjects, graduates.

Vacancies

2.42 Before the main elements of lockdown were announced, advertised vacancies in LCR were running at an average of 12,000 a month. The average low point during May 2020 was around 5,500 vacancies, representing a 54% decline with pre-lockdown figures. As of November 2021, vacancies in LCR stood at 19,200 representing a significant increase on pre-pandemic levels as businesses seek to recruit staff who left and changed job roles as the economy recovers and resets.

2.43 The distribution of the largest vacancy volumes across key sectors is shown below, with the time series diagram illustrating how vacancies have fluctuated during the social and economic restriction brought about by the COVID-19 health pandemic.



Forecasting demand- Sector Forecasts

2.44 Prior to the COVID-19 pandemic and the subsequent health and economic impact, particular sectors and occupations were forecast to grow strongly whilst others were forecast to grow less strongly. These forecasts, together with the skills that need to be developed in the workforce as a whole were published in our 2021/22 report. However, they are now likely to be extremely unreliable for a number of reasons not least the effects of the COVID-19 health pandemic; the ongoing issues associated with leaving the EU and also current and future LCR priority investment areas.

2.45 Known current key trends and notable areas of focus and review include:

- The Health and social care sector is forecast to remain a critical sector for LCR both as a growth sector and as a volume provider of jobs, and this was the case without the effects of COVID-19- with new community based roles such as personal assistants and reablement roles in higher demand and as a means to reduce pressure on the NHS and wider care system ;
- It remains to be seen how COVID-19 affects the long-term projected business and jobs growth in the local Visitor Economy sector (Arts and Entertainment, Hospitality and Catering and the associated customer care and service type roles) but local businesses are struggling to recruit in a tight labour market that will restrict their business models, activities and growth;
- Whilst IT as a sector is projected to be amongst the sectors with the highest forecast growth, occupations relating to health and social care are forecast to grow more strongly.
- Many sectors are now experiencing recruitment and pay challenges due to fewer candidates and the move to regular hybrid working;
- Digital Skills needs, problem solving, adapting to new equipment and techniques, and general product/ service knowledge are cited by employers as key needs for their workforce; and
- Occupations with the lowest growth forecasts remain at greatest risk of automation and digitalisation; and

- LCR will focus more strongly on 'Green Jobs' and those associated with delivering our Net Zero ambitions and will begin to develop a clearer understanding of the new job roles and their skills requirements as well as the new and additional skills required for existing job roles.

2.46 The COVID-19 pandemic has accelerated technological advances and the automation of many routine tasks from contactless cashiers, increased home delivery and contactless interactions with customers, to robots picking customer orders in warehouses through to delivering packages. Notably:

- Many different jobs are being created that require different skills and skill sets and ways of working and provides the need and opportunity for new investment and new investment choices;
- New business models are already emerging and more localised supply chains that increases customer responsiveness are likely to be needed as a consequence of EU withdrawal;
- Upskilling and reskilling becomes ever more critical as many of the jobs most at risk of either being lost permanently due to the effects of COVID-19 or new business models and processes, are at entry level /in elementary occupations, as well as in industries critical to the City Region's economic performance; and
- The jobs most under threat are predominantly lower skilled or routine elementary, process, plant and machine operative occupations. Each of our local authority areas will be affected in different ways determined by local differences in the industrial base.

<u>Local Focus: Growth and Priority Sectors</u>

2.47 In addition to the information provided nationally that relates to skills shortages, skills gaps and occupational information, the Combined Authority consistently engages with employers and representative bodies, as well as Trades Unions and other partners and stakeholders in order to better understand opportunities and skills and recruitment barriers at the local level. We recognise that all our sectors play an important role in our local economy and contribute to the wider economic and social fabric of our City Region. To a lesser or greater degree, all our sectors will provide significant volumes of jobs opportunities, contribute to the City Region's GVA position and facilitate the functionating of the labour market as a whole. When factoring in local business and institutional specialisms, together with business and regeneration opportunities, the City Region has a relative competitive advantage in particular areas of the economy, and we must ensure we meet the sectoral and job role skills requirements to maximise the potential economic benefits.

2.48 The Combined Authority has continued to invest funds to support businesses to survive the current economic impact and in particular the Tourism and Hospitality Sector. Prior to the health pandemic, businesses were also planning for the uncertainty resulting from Brexit, and many concerns have now been realised-particularly in relation to accessing the required workforce to enable businesses to operate, and at affordable wage levels.

3. Port and Logistics

3.1 Port and Logistics is a key employment and wealth generating sector for Liverpool City Region. The sector is an international hub for marine, road, air and rail freight transportation and a major UK centre for warehousing and logistics services. The sector is estimated to employ some 36,000 people and contribute £1.9bn GVA to the City Region economy (5.8%).

3.2 Liverpool City Region is firmly established as a leading centre for logistics, with established port facilities and the highest density of warehousing in the UK, located within 70 miles of the Port of Liverpool, and the development of the Freeport will add to this.

3.3 The anticipated growth in employment linked to the Freeport and strong replacement demand coupled with increased e-commerce and use of robotic technology in the sector creates a number of significant skills challenges. Emerging employer requirements creates a need for digital and engineering skills in the sector.

Replacement demand

3.4 A primary challenge for existing employers is reducing the average age of the existing workforce by attracting younger recruits into careers within maritime, distribution and logistics. ONS data for the City Region indicates that a larger proportion of the workforce is aged 50+ compared to the workforce across all sectors. This age profile highlights a pressure within the sector to find and replace experienced staff that will be retiring over the next decade in addition to establishing new skills and securing new recruits into the sector. Estimates of replacement demand, suggest significant requirements over the next decade. While this demand will be spread across the whole City Region economy, and in particular with distribution and manufacturing sectors, it illustrates the types of occupations being replaced. The LCR business survey reports that 73 per cent of businesses in the sector recruited in the last 12 months, with the primary reasons being business growth, for 64 per cent of respondents and staff turnover, for 59 per cent. The average number of vacancies per employer was 8, higher than the average 6.5 across the survey.

Skills shortages

3.5 Within Freeport employers, skills shortages are found both among existing employees and among recruits. National studies of the logistics sector show that there is a comparatively low level of qualifications among employees in operative and elementary occupations and that low qualifications at entry into the sector are maintained into management positions. Despite a need to update qualification levels of existing staff, including management and leadership skills, a majority of training expenditure is on job specific, statutory requirements and health safety training. There is a lower use of external training provision in this sector than the average for all City Region sectors. The main reasons for the difficulty in filling vacancies was low numbers of applicants with the required skills, including technical skills specific to the roles being advertised. Across all occupation groups within the sector, the survey highlighted process, plan and machine operative roles the most difficult to fill.

Future workforce

3.6 There is a pressing need to make the sector more attractive to young people by investing in training and creating career pathways. While there will continue to be a heavy reliance on operative and elementary occupations, increased use of technology for stock management and tracking to improve the speed and efficiency of distribution, alongside an increased emphasis on customer service, will drive the need to improve skills across all jobs in the sector. These changes provide an important opportunity to reposition work in the sectors to emphasise the career possibilities to work within a globally important industry, but require provision specifically responding to the changing needs of the industry. Increased engagement with schools and in careers activity and the increased use of apprenticeship frameworks will be important to meet current and future skills demands. The Freeport brand will help will this is the communications are designed and pitched correctly.

3.7 An analysis of the current vacancies for specific roles in Port and Logistics follows:

Role	Sample Roles Number in LCR	Average salary	Average daily rate	Gender breakdown		Experience breakdown			Examples of employing organisations
				Male	Female	0-3 years	4-7 year	8+ years	
Freight Agent/Shipping Clerk/Freight Clerk	598	£25,666	£309	60%	40%	17%	14%	68%	CMA CGM, DHL, Peel Ports, FWD Freight Services, EMR, Mersey Wharf, Convatec, Mersey Forwarding
Supply Chain Manager	1,374	£32,387	£373	74%	26%	13%	14%	73%	Airbus, United Utilities, RSA, MBDA, Iceland, HM Forces, Gardner Aerospace, AB World Foods, Matalan, Unilever, Balfour Beatty
Logistics Manager	2,357	£33,807	£386	74%	26%	12%	15%	73%	DHL, Unilever, Wincanton, Innospec, Cargill, Asda, United Utilities, Airbus, Aldi, Shop Direct, B&M, Royal Mail, Alder Hey, Amazon
Operations Specialist/Manager	12,314	£38,778	£433	73%	27%	12%	14%	74%	Unilever, Barclays, Lloyds, United Utilities, DHL, BT, Openreach, Tesco, IBM, M&S, Airbus
Export Clerk	571	£26,625	£318	60%	40%	12%	14%	74%	Locker Freight, Airbus, CMA CGM, Vanguard, Shell, Atlantic Container Line, Cargill, Alstom
Transport Operator	353	£22,893	£282	77%	23%	8%	14%	78%	Denholm Transport, Abbey Road Tanks, Yodel, Arriva, Amec, Coates LSF, DHL, Eddie Stobart
FLT Driver	1127	£20,445	£259	97%	3%	20%	13%	68%	DHL, B&M, B&Q, Travis Perkins, Unilever, Asda, Boots, Graylaw Freight
HGV Driver	2,099	£34,633	£394	94%	6%	33%	13%	54%	Eddie Stobart, DHL, Hermes, Great Bear Distribution, Abbey Logistics, DPD, Ceva, Graylaw. XPO
Maritime Lawyer	104	£3,7356	£420	72%	28%	15%	23%	62%	Eville & Jones, Norwegian Cruise Lines, Mersey Maritime, Slater & Gordon, Hell Dickinson, Cerba Shipping

4. Advanced Manufacturing

4.1 Advanced manufacturing makes a vital contribution to the local and national economy, employing 48,000 people and contributing £4bn GVA, around 12% of the City Region total. The sector, broadly defined, covers a wide range of activity including chemicals and pharmaceuticals, automotive, metal products, electronics and manufactured fuels. The sector is strong in the City Region, experiencing both employment growth and increased GVA. There is expected to be changes in job requirements over the coming years as continuing structural changes within the industry, driven by automation and digitisation of processes and increasing reliance on a higher skilled technical and professional workforce.

4.2 A key challenge for manufacturing is maintaining competitiveness in a context of Brexit and shifting international markets. Key global manufacturers, including Jaguar Land Rover and Unilever have made major investments in City Region, building capacity for innovation and production. The soon to be updated Science and Innovation Audit underlines the opportunity to capture the economic benefits of the 4th Industrial Revolution through targeted investment in infrastructure and leverage of the existing networks and supply chains present in the City Region.

4.3 Securing the skills and future labour force for employers is vital to realising the sector's growth and productivity goals. The sector faces a number of challenges to renewing the skills of the existing workforce, while also working with education and training providers to create the skills supply needed in the future. There are three key areas of importance for advanced manufacturing:

Replacement demand

4.4 The sector has an ageing workforce, with ONS data for the City Region indicating that 37 per cent of workers are aged 50+. The age profile heightens the importance of employers planning to meet replacement demand by securing a flow of appropriate skills and creating the organisational capacity for the training of new recruits. Just including manufacturing specific occupations, estimates suggest a need for around 29,500 replacement workers over a decade, excluding requirement for additional managerial, sales and administrative occupations within the Advanced Manufacturing sector.

Skills shortages

4.5 Manufacturing firms identified problems in filling vacancies. According to a recent survey, some 34 per cent of manufacturing businesses found them hard to fill, compared to 27 per cent for all businesses, and 74 per cent indicated they had low numbers of applicants with the required skills for their business compared to the survey average of 54 per cent. The occupations most difficult to recruit for manufacturing employers were skilled trades and process, plan and machine operatives.

Future workforce

4.6 Ensuring adequate supply of new entrants into advanced manufacturing to meet future skills and labour demand will require increased engagement in education and training. This should include championing engineering careers to young people, increasing accessibility through work experience and greater adoption of apprenticeships, where these lead to higher level qualifications. According to the LCR business survey, the sector already has a higher than average take up of apprenticeships – 31 per cent of manufacturing respondents compared to 26 of all respondents, but there is greater scope to use this route to attract young people at the start of their careers.

4.7 Across the City Region, there is a commitment to raise the base level of educational attainment and specifically in core English, mathematics and digital skills. For advanced manufacturing this should be complemented by targeted activity to raise participation and achievement across all STEM subjects, with pathways into higher learning at Universities and through work based routes.

4.8 An analysis of the current vacancies for specific roles in Advanced Manufacturing follows:

Current numbers in labour market for range of manufacturing roles									
Role	Number in LCR	Average salary	Average daily rate	Gender breakdown		Experience breakdown			Examples of employing organisations
				Male	Female	0-3 years	4-7 year	8+ years	
Welders	3,700	£26,968	£135	93%	7%	14%	17%	69%	Jaguar Land Rover, Unilever, Hertel, Petrofac, Bilfinger
Fabricators	1,600	£25,901	£130	97%	3%	17%	16%	67%	Hertel, Balfour Beatty, Amec, Cammell Laird
Electricians	7,000	£29,715	£149	95%	5%	14%	14%	71%	British Army, Siemens, Rosebery Group, A&B Engineering
Mechanical Fitter	1,600	£26,274	£131	96%	4%	12%	16%	72%	Bombardier, Alston, Inovyn, Aecom
CNC Programmer / Operator	3,800	£27,931	£137	91%	9%	13%	14%	73%	Astra Zeneca, Calder Industrial Materials, Pepsico
Pipefitters	1,000	£30,000	£150	98%	2%	14%	19%	67%	Jacobs, Hertel, Interserve

5. Existing delivery landscape

5.1 Liverpool City Region is home to six general FE Colleges, 2 outstanding standalone sixth form colleges, over 40 specialist indigenous private training providers delivering publicly funded training programmes directly and five Universities with complementary and reinforcing specialisms allowing for special progression in advanced manufacturing and engineering.

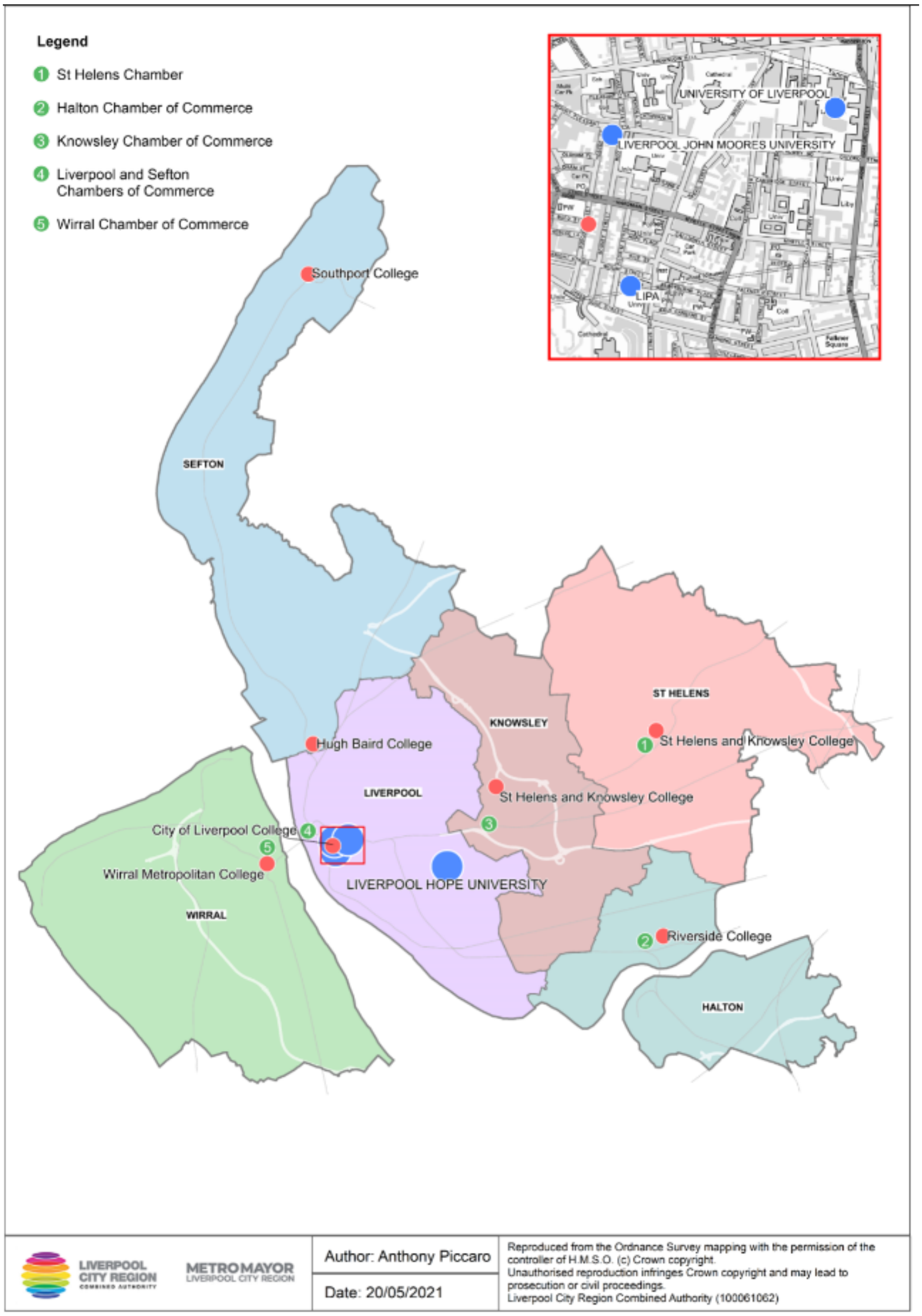
Colleges

5.2 The Association of Liverpool City Region Colleges brings together the major colleges locally and provides a framework and basis for their collaboration. Allied to the national Association of Colleges, it acts as a conduit between the colleges and local, regional and national organisations. The general FE colleges are:

- The City of Liverpool College is the largest further education provider within the collaboration and the Liverpool City Region. The college has over 10,000 students and works with over 1,000 employers across the Liverpool City Region. Within the clean energy arena, the college has recently partnered with Vital Energi, a business at the forefront of the design, manufacture and installation of clean energy networks. The college has a designated construction and engineering campus within the city of Liverpool and a Construction Innovation Hub based within Liverpool Waters, part of the Mersey Waters Enterprise Zone, which has potential investment of over £5.5 billion led by Peel Holdings.. Peel Energy has appointed renewable energy company Vital Energi to deliver its Mersey Heat network which will provide heat for up to 9,000 homes and 4m sq ft of commercial space at Liverpool Waters.
- Hugh Baird College is a College situated in South Sefton, Merseyside delivering over 300 courses to more than 5,000 students with an extensive range of subject areas from 14-16 year olds and apprentices to A Levels, University level Courses and adult learning. Hugh Baird's curriculum is designed in collaboration with employers to meet both established and emerging industry skills need both locally and nationally. The college has delivered T Levels from September 2021 in Electrotechnical, Digital, Health and Healthcare Science.
- Riverside College is an outstanding college and the sole FE provider for the Halton area. They have key partnerships with a number of employers including Viridor, Howdens, Scottish Power, Bloor Homes, Sci Tech Daresbury and Halton Council who will engage with the project in emerging technology areas. Riverside's contribution is underpinned by increases in numbers in engineering, built environment and construction seeing them collaborate on numerous boards and groups across the city. In addition, they are the link to the AoLCRC colleges for the Talent City programme with Liverpool John Moores University increasing the number of FE based L4 and L5 courses across the LCR in engineering and green projects.
- Southport College is the primary provider of vocational and technical skills development in Southport and its surrounding area. The college demonstrates strong strategic relationships with local employers and key stakeholders in the community, including the Southport Town Deal Board (recently securing a successful 'Town Deal' bid of £37.5 million for regeneration of the town), Southport Business Improvement District and employers such as local NHS Trusts.
- St Helens College, comprising St Helens College and Knowsley Community College, is the largest provider of apprenticeships for young people within the Liverpool City Region, and is the largest provider of vocational education in the boroughs of St Helens and Knowsley. Working with hundreds of employers locally and regionally, their specialisms include construction and building services, engineering, and manufacturing. They have recently invested £1m in creating the Centre for Precision Engineering. Part funded by the Liverpool City Region Combined Authority, the

investment supported the installation of new industry standard machinery and equipment including Wi-Fi enabled Haas CNC Machines, Axis Lathes, Milling Machines and Haas Simulators. The centre provides students and apprentices with the opportunity to develop their skills and learn all aspects of modern precision engineering including design, testing, manufacturing, and operations.

- Wirral Metropolitan College is the largest provider of vocational provision in Wirral. They have key partnerships with local employers including Peel Holdings, Magenta Housing Association, Morgan Sindall, Urban Splash and Wirral MBC (who are represented on the College Board). Their contribution is underpinned by their Wirral Waters construction campus (located in the Wirral Waters tax and customs area of Freeport, complementing the offer from Liverpool Waters) and considerable recent investment by the Liverpool City Region in its Engineering and Employer Engagement offer. The College also has excellent links with Salix and associated SMEs in the region in accessing capital funding to support green energy investments and reduce carbon emissions with over £2 million of investment in carbon reduction measures across its sites together with £25 million capital investment in skills (predominantly in construction, engineering and technology). The second phase of the WMC's recent low carbon projects being to convert them into green skills curriculum to upskill SMEs in the area: this was supported by LGF3 and LCRCA Skills Capital investments has further reduced reliance on external energy sources by combining turbines with battery technology which has in turn facilitated green energy curriculum developments for learners.



In addition, Myerscough College has a site at Croxteth Hall, Liverpool, providing opportunities for students to study a range of subjects within the Hall's magnificent surroundings. This centre focuses on Animal Care, Equine Studies, Landscaping, Horticulture, Foundation Leaning and Arboriculture.

5.3 Through innovations in funding following the devolution of the Adult Education Budget local colleges and training providers have been able to test and learn new approaches to skills delivery and development.

5.4 The Colleges have over the past year, as part of the LCR recovery economic recovery plan produced in response to the Covid-19 pandemic, successfully collaborated with employers to develop and offer new skills based courses to enable adults to begin to retrain or upskill in the Engineering, Care and Digital sectors. This first stage indicated the benefits of and the need for far greater collaboration in order to develop a relevant higher level technical education offer and delivered qualifications for preparation for work in the health and care, digital and engineering sectors. The Combined Authority has within its devolved Adult Education powers the ability to co-design and fund further learning aims that can meet identified market failures in support of the Freeport Skills Plan and should these be identified, the existing model will be extended to roles within Freight & Logistics and Advanced Manufacturing as part of the support for the implementation of the Freeport Skills Plan.

5.5 There are strong industry links, with a broad range of advanced manufacturing and logistics businesses situated locally, enabling close links between education and industry. This is best exemplified in the IDEAs Centre at Riverside College's Cronton site, a £2m LGF3 and Combined Authority Skills Capital investment which was codesigned with leading employers to ensure that the facilities, equipment and curriculum to meet the current and emerging needs of employers. The Combined Authority has invested over £20m of Skills Capital in recent years in facilities and equipment across colleges, Local Authority providers and private training providers.

Private Training Providers

5.6 Greater Merseyside Learning Providers Federation is the representative body for private training providers and boasts over 60 members. As well as acting as their advocate and connecting into northern and national networks, it has a strong delivery track record including promotion of apprenticeships in schools through the ASK programme and enabling providers to access support and development through the Provider Improvement Fund: this was funded through the Combined Authority and ESF as part of the wider Be More programme of local responses to skills needs. The main private providers locally are:

- Abacus UK Training are based in Huyton and provide CPC, PCV and LGV Driver Training;
- AJM Transport Training are based in Birkenhead and CPC, light goods vehicles and LGV Driver Training;
- Asset Training are based in Bootle and provide a range of entry level logistics and warehousing courses;
- Complete Skills Solutions are based in Liverpool City Centre and offer a range of entry level warehousing and maritime courses;
- The Engineering College is based in Birkenhead and is a Group Training Association (GTA), with governing body of local employers, providing training to engineering and manufacturing sectors at entry and technical level, including a full range of apprenticeships;
- FTW Training is based in Widnes and offers fork lift truck and order picker training;
- Genesis Training is based in St Helens and offers warehousing and storage training courses;
- The Growth Company are based in Manchester and offer manufacturing and warehousing entry level training and apprenticeships on employer sites;
- North West Education and Training are based in Maghull and offer LGV driver training and apprenticeships at entry and technical levels in manufacturing and logistics;
- North West Training Council are based in North Liverpool and offer a range of entry level, technical and apprenticeship courses in engineering and manufacturing;
- Realise are based in Kirklees and offer warehousing training on employers' premises;
- Seascope are based in North Liverpool and provide specialised maritime training;
- Sysco are based in Liverpool City Centre and offer apprenticeships in warehousing and logistics;
- System Group are based in South Liverpool and offer entry level apprenticeships and short courses in transport and logistics, including CPC training;

- TRS Training are based in St Helens and offer apprenticeships and short courses in road haulage, logistics and manufacturing; and
- Waterside Training are based in St Helens and offering entry level and technical apprenticeship and wider training in engineering and manufacturing for large global manufacturing companies including, Pilkington, NSG, AB World Foods and Diageo, and within the Freeport area includes Ford, Seqirus and Teva.

Higher Education

5.7 The five universities based within the City Region (Edge Hill University, Liverpool Hope University, Liverpool John Moores University, University of Chester and University of Liverpool) have complementary strengths and assets, which put together, provide a strong offer to resident and employers locally and further afield.

5.8 University of Liverpool is a research intensive Higher Education Institution with a global reach and impact. It offers undergraduate and postgraduate taught courses in Mechanical Engineering, Biomedical Engineering and Industrial Design. The LivWiSE network seeks to celebrate and promote women in science and engineering, tackling some of the misperceptions in moving towards greater balance and diversity.

5.9 The University operates the Virtual Engineering Centre at STFC's site in Daresbury. Established in 2010 alongside the National Nuclear Laboratory and BAE Systems, the VEC is the UK's leading digital engineering impact centre for industrial and commercial applications and is a driver of the LCR 4.0 project, the local Smart Manufacturing programme. Alongside this, the Materials Innovation Factory, opened in 2015 with co-investment from Unilever is a cutting edge open research facility which deploys world class automated lab equipment to accelerate research and enable companies to deliver products more quickly and efficiently.

5.10 Liverpool John Moores University is a civic university with a strong footprint in Liverpool City Region, providing a strong degree of ownership and loyalty from employers and residents alike. Its roots are based in the Mechanics' Institute opened in 1825 and the School of Engineering that has grown out of this maintains a commitment to the principle of providing training for engineers who are equipped with the skills to drive the country forward. There are a wide variety of courses in Mechanical Engineering, Mechatronics, Nautical Science, Product Design, Electrical Engineering and Electronic Engineering.

5.11 It is home to the Liverpool Logistics, Offshore and Marine Research Institute, which has a global reputation as a research base for improving maritime and logistics operations; this is the basis for the academic input into the Port City Innovation Hub. There is a strong research focus on mechanical engineering through the Mechanical Engineering and Material Research Centre, including the application of this to processes.

5.12 Both organisations have a strong careers offering alongside tailored graduate employment support, which currently include paid work experience for graduates within local SMEs.

Employment support services

5.13 There is a strong relationship in place with the Jobcentre Plus District that covers Liverpool City Region, enabling joined up practical measures and initiatives to be delivered which help people get into work and progress in work. There is a network of 16 permanent Jobcentre Plus offices, with 3 temporary offices, aligned to 12 Youth Hubs, enabling outreach and support for young people. There is a strong track record of integrated delivery with joint funding programmes in place to support people who are out of work and aligned investments to ensure that optimal value is gained for the public purse.

5.14 There is additionally a healthy and experienced employment support offer from all 6 Local Authorities within the Combined Authority. This enables close links to be made between economic development support for employers, with a clear recruitment offer in place to help employers find those people. This currently has around 200 people in place across the City Region, allowing for scale and impact, whilst enabling a person centred approach.

5.15 The City Region, through Combined Authority, Councils and Jobcentre Plus, have experience in working together to meet the large scale workforce needs of employers. This includes establishing the requirements of employers, helping to phase recruitments to meet demand, designing and delivering large scale pre employment training courses at all levels and aligning skills investments and funding to meet the needs of employers. A nominated account manager would be appointed to liaise with an employer, who would then organise the broader group of partners and stakeholders to ensure that an employer's needs are met: this worked particularly well in the recruitment of 1000 staff for Jaguar Land Rover and proved the benefit of the model. In addition to this, a senior officer would be nominated to work with a recruiting employer's senior team to ensure that all necessary and relevant actions were taking place, that opportunities were being seized and any minor issues addressed.

5.16 The employment support landscape extends further with a strong network of private providers, largely commissioned nationally by DWP, and local community and voluntary sector organisations, who often focus on supporting those with are furthest away from the labour market. This network provides an extensive range of support for people based around where they are and what their needs are, working closely with employers to ensure that there is alignment between their opportunities and the experience and capabilities of people.

Careers promotion

5.17 The Liverpool City Region Freeport will create thousands of jobs over many years and lead to many young people and adults locally finding fulfilling careers, enabling them to release their talents and realise their potential. In order to do this, there needs to be effective communication of the job opportunities both now and in the future that the Freeport will create.

5.18 There is an extensive network of organisations providing careers materials, education, guidance and experiences in the City Region to a range of different ages and backgrounds. This includes the Careers and Enterprise Company funded Schools Careers Hub, National Careers Service, Jobcentre Plus, colleges, universities, Collaborative Outreach, Apprenticeship Support, Windmills and All About STEM/GMLPF. These partners are brought together on a regular basis through the Combined Authority's Strategic Careers Hub, which allows them to coordinate activities, focus support, eliminate duplication and optimise impact for young people and adults.

5.19 The Combined Authority is also refreshing Be More, the award winning careers and apprenticeship portal, which brings together all of the information of current and future jobs in the City Region. This refresh is expected to be completed in Autumn 2022 and there will an element of this devoted to the Freeport and the opportunities that it will provide.

6. Proposed Actions

Existing Action Plans

6.1 Liverpool City Region Combined Authority agreed its Skills Action Plan for 2022/23 at its meeting in March 2022, which sets out the key areas of focus for the next year, organized around the following objectives:

1. Enable newly unemployed people to get back into work quickly through locally managed or cohered employment and skills programmes;
2. Prevent further disengagement of those furthest from the labour market, including the successful local implementation of the Kickstart and Restart programmes, further delivery of the Ways to Work and Households into Work programmes;
3. Provide clear and relevant opportunities for people to retrain and reskill into new or higher demand roles, including in work progression;
4. Ensure training and skills development meets the current and future needs of people and employers, using quantitative labour market information and qualitative local evidence to underpin investment priorities; and
5. Additional focussed and targeted support for young people to support transition into the workplace and access employment opportunities including access to high quality Careers Education, Information Advice and Guidance.; ensuring those with disabilities and/or learning difficulties are able to access such support; supporting Councils to fulfil their statutory duties.

6.2 The Skills for Jobs White Paper and the Skills and Post-16 Education Bill Skills set out opportunities for further business engagement in meeting local skills needs, including designing and developing curricula and qualifications, and is reflected in the Skills Action Plan and our plan for implementation. Following the review of the evidence and analysis, and local and input from our Board and employers and stakeholders, our Skills Action Plan provides a framework for colleges, training providers and universities to respond and we will provide support and challenge to secure delivery. The partnership arrangements established allow for deep discussions to take place to ensure that opportunities are optimized so that employers, residents and local providers are able to benefit.

Refocusing existing provision

6.3 The previous section set out the existing support in place across the City Region and the range of providers involved in this. This provides a strong basis to build from in terms of responding to employment and skills needs and opportunities of Freeport employers. The initial plans for this include:

- Prioritising entry level courses for Freeport employers through devolved Adult Education Budget and sector specific technical level Skills Bootcamp provision;
- Enabling pre employment training for Freeport employers with Jobcentre Plus through Sectoral Work Academy Placements;
- Offering Freeport employers recruitment support through existing employment support services;
- Colleges and independent training providers to work with Freeport employers to develop new skills based courses to prepare people for work in their companies;

- Regular engagement with Freeport employers through the relevant governance system to enable current and future skills needs to be captured;
- The current and future skills needs of Freeport employers to be clearly articulated in the Liverpool City Region Local Skills Improvement Plan and reflected in future commissioning activity (including Shared Prosperity Fund); and
- The curriculum and facilities required to deliver against the needs of Freeport employers will be reflected in the Strategic Development Fund proposal to be submitted by the Association of Liverpool City Region Colleges.

These actions are an initial cut of existing activity and will be evolved over time based upon the needs of residents and employers and the opportunities available.

Liverpool City Region Freeport Skills Academy

6.4 The overall proposal to address the employment and skills opportunities associated with the Liverpool City Region Freeport is to establish a Freeport Skills Academy. This initially virtual Academy will act as a focal point to cohere the skills offer from colleges, training providers and universities and communicate this effectively to employers. There is a potential for this to be the subject of an Institute of Technology submission to Government and it will form an important element within the Local Skills Improvement Plan, which will need to be in place by March 2023.

6.5 In addition, it will work with employment support services to align and combine the various offers of support to provide a one stop shop service to employers, combined recruitment, pre employment training and the provision of additional support (e.g. travel). The City Region, through Combined Authority, Councils and Jobcentre Plus, have experience in working together to meet the large scale workforce needs of employers. This includes establishing the requirements of employers, helping to phase recruitments to meet demand, designing and delivering large scale pre employment training courses at all levels and aligning skills investments and funding to meet the needs of employers. A nominated account manager would be appointed to liaise with an employer, who would then organise the broader group of partners and stakeholders to ensure that an employer's needs are met: this worked particularly well in the recruitment of 1,000 staff for Jaguar Land Rover and proved the benefit of the model. In addition to this, a senior officer would be nominated to work with a recruiting employer's senior team to ensure that all necessary and relevant actions were taking place, that opportunities were being seized and any minor issues addressed.

6.6 In order to optimise the benefits and impact of the Freeport to Liverpool City Region residents and employers, the following areas of investment will be considered:

5. Investing in facilities

Colleges, private providers and universities have seen investment in recent years to enable them to transform and offer the learning environment that employments and students require. In order to maintain this position, additional investment will be required to ensure that equipment is industry standard and relevant, enabling students to be trained using the equipment that they are using in the workplace. The final shape of this will be dependent upon the precise needs of the specific employers that will be occupying the Freeport sites, although generic updated equipment will be offered as much as possible.

6. Investing in curriculum development

Colleges, private providers and universities have a broad range of courses delivered by high class and experienced tutors that have been developed over recent years. In order to maintain the relevance of this provision and to meet the specific needs of new employers, there may be a need for new curricula to be developed, which would benefit from additional investment. It is expected that all other avenues for funding this will be explored first (including Strategic Development Fund) but there may need to be a limited call for further support.

7. Helping long term unemployed people and care leavers to get Freeport jobs

One of the key elements of the Freeport's overall objectives is to reduce the unemployment levels within the City Region by 10%. As the time of writing, the number of people claiming unemployment related Universal Credit in the City Region is 52,365 (February 2022) meaning that a reduction by 5,267 would be required to achieve the objective. Of the current levels, around 60% have been claiming Universal Credit for more than 12 months. This is the largest cohort and given their work history, it is likely that they will find it hard to immediately get into entry level roles being created within the Freeport.

In order to address this, additional support will be provided through a short term wage subsidy scheme, based around the effective practice within Future Jobs Fund and Kickstart. This will provide 25 hours per week of paid work experience for 13 weeks, enabling people to gain work experience and the skills required and thus de-risking recruitment decisions for employers. For a limited investment of around £4,000 per person and aligned to the whole range of employment and skills support available, this will enable the Freeport to deliver its broader inclusive economy themes and objectives, enable employers to find talent and help people into sustainable work.

8. Promoting careers pathways and future skills needs

Liverpool City Region Freeport is a generational investment that will deliver returns for people, businesses and the area for decades to come, with promises of careers for many people in high quality, well paid and secure jobs. In order for employers to be able to recruit people, there is a need for clear promotion of the current and future job opportunities from employers within the Freeport. This will require the creation of clear progression pathways once it can be understood which jobs and roles are specifically available, and the production of materials and employer interactions which will enable people to see the hope and potential for these roles.

6.7 The implementation of these actions will be overseen by the Liverpool City Region Freeport Management Board and the Liverpool City Region Employment and Skills Board.

Appendix One – Examples of Delivery

Skills Bootcamps: Digital Skills for The Workplace

A.1 Digital Skills for the Workplace provides flexible hands-on courses of up to 16 weeks in duration, which are part of the government's Lifetime Skills Guarantee and Plan for Jobs. Skills bootcamps aim to help participants to find jobs in the growing digital and tech sector and help employers to fill digital skills gaps. The programme is funded by the Department for Education and developed locally by the Liverpool City Region Combined Authority, working with local employers. The training is open to adults aged 19+, either in work, looking for work or returning to the workforce. Candidates typically access courses that last 8-12 weeks (although they can go up to 16 weeks, and for those out of work offer a guaranteed interview.

A.2 Skills Bootcamp Courses available locally in 2021/22 are:

- Full Stack Web Development
- Digital Marketing
- Cyber Security
- Digital Design
- AutoCAD
- Software Developer/Engineer
- Skills Bootcamp in Infrastructure Technician

A.3 A number of case study videos detailing the training and support made available through our Skills Bootcamps, and how it has made a difference to individuals and businesses can be found here.

Developing Sector Based Work Academy Programmes (Crosby Training)

A.4 Using devolved AEB funding Crosby Training based in Bootle have provided a series of Sector-Based Work Academy Programmes in partnership with JCP. One such example supported St Vincent's Specialist School for Sensory Impairment.

A.5 The training led towards a guaranteed interview for Learning Assistant vacancies. Six learners (aged 19-24) attended training and were also supported by Kickstart funds, each being enrolled onto three AEB funded qualifications that were specifically requested by the employer: L1 Certificate in Personal Development; Level 1 Award in Customer Service; and Level 2 Award in Safeguarding and Protecting Children and Young People as well as additional first aid training. Enrichment sessions included a guest speaker from Daisy Inclusive UK speaking about his own sight loss and the challenges that sensory impairment can cause.

A.6 All six of the learners completed their learning followed by guaranteed telephone interviews followed by a second face-to-face interview. Three candidates were offered Learning Assistant roles with progression to devolved AEB fully funded Level 2 Teaching Assistant qualifications.

Meeting the employment and skills needs of employers - Health

A.7 The NHS and the wider Health and Care and Life Sciences sector, together with their supply chain partners, have been at the heart of the City Region's response to the COVID-19 Health Pandemic. Working closely and collaboratively with employers and local partners, we have had the opportunity to identify employment opportunities and provide employment and skills support in a timely and responsive way that meets the needs of both employers and those seeking work.

A.8 ISS World are a facilities management company who supply staff to work in the NHS as porters, ward hosts, cleaners and supervisors. In the LCR they work with the Royal Liverpool Hospital, Clatterbridge, The Walton Centre and Broadgreen. During COVID-19, areas of the new Royal Liverpool Hospital were being brought into use for testing and vaccine roll-out. Increased demand for staff, as well as tackling existing staff shortages, meant that a number of flexible and targeted recruitment approaches were required.

A.9 Building on existing relationships with both the employer and our local DWP managers, 2 Sector-based work academy programmes (SWAPs) were established with a local training provider delivering a content blended with the ISS role requirements. 11 individuals were offered employment and started in January 2021 as fulltime staff members, and the model will be adopted by the employer for future recruitment opportunities. As a result of the success, the apprenticeship levy paying employer is now also working to identify more apprenticeship opportunities to utilise their unspent levy to grow and develop their workforce.

Developing new flexible learning aims to meet sector needs

A.10 Association of Liverpool City Region Colleges represents colleges in Liverpool City Region including sixth-form colleges. They provide learning and training opportunities for learners of all ages utilising multiple funding streams including allocations from the Education and Skills Funding Agency/DFE, and through allocations from the Liverpool City Region Combined Authority via the devolved Adult Education Budget.

A.11 Through our devolved Adult Education Budget, funding allocations are intended to meet the needs of learners-through the delivery of statutory entitlements, and provision that engages and progresses individuals into further learning and work- and the needs of employers through provision that is responsive to their current and likely future skills needs.

A.12 Working collaboratively with Association of Liverpool City Region Colleges, the Combined Authority has overseen the development of new learning aims which have been developed in response to employer demand in specific priority sectors. As a result of this collaborative approach, new learning aims will be trialled across a number of Colleges in the LCR in the areas of Care; Digital; and Advanced Manufacturing.

A.13 The level 2 Learning Aims being trialled are intended to promote upskilling, reskilling and progression, and filling identified gaps in the suitability of current learning provision. The new learning aims reflect the 'real time' and ongoing feedback given by employers who judge current available learning aims in particular sector areas as not addressing fully the current skills required, and which lack currency in the labour market in their areas of work.

A.14 Designing new and relevant learning aims for individuals to follow, rather than seeking to offer 'off the shelf' solutions to meet employers' needs, also allows elements such as maths skills to be improved and strengthened and delivered in a more flexible and contextualised manner.

Supporting small businesses and apprentices in the Liverpool City Region through levy transfer

A.15 Apprenticeship Levy is paid by businesses with an annual wage bill of £3 million or more and can only be used for apprenticeship training and assessment. Levy-paying employers can transfer up to 25 per cent of their contributions to support the apprenticeship needs of other businesses who do not have access directly to levy funds. From August 2021, employers who pay the Apprenticeship Levy will be able to transfer unspent levy funds in bulk to small and medium-sized enterprises (SMEs) with a new pledge function.

A.16 Despite many businesses and organisations across the City Region paying the levy, many have found it difficult to utilise their levy account funds either in part or in full; many smaller companies seeking to access apprenticeship funding have, since the introduction of the levy, encountered difficulties securing access to apprenticeship funding due to the national funding availability and methodologies for non-levy funded apprentices.

A.17 Apprenticeships play an important role in meeting the skills needs of employers as well as a being a cornerstone entry and progression route for young people and adults alike. As any payments not used within 24 months are recovered by central government, this represents a waste of much needed resources for organisations wishing to attract, retain and develop talent, as well as denying opportunities for local residents and young people in particular, to gain the skills they need.

A.18 Working with levy paying and non- paying organisations across the Liverpool City Region, the Skills Brokerage Service has now facilitated over £1.6 million of levy transfer. Businesses across the City Region that have transferred their levy include, Liverpool Football Club, Liverpool John Moores University, Liverpool University Hospitals NHS Foundation Trust and QVC, and conversations are ongoing across many of our leading sectors to open up more opportunities.

O – Equalities Impact Assessment

Annex O - Freeport Equalities Impact Assessment

Section 1: Reporting Details

EIA Lead Officer (name and title)	Iain Taylor – Associate, AMION Consulting
Date	8th July 2022

Section 2: Summary of Proposal

What is the title of this assessment?

LCR Freeport

Please provide a short, clear summary of what is being assessed

The Liverpool City Region Combined Authority (LCR CA) and partners are seeking final approval for an inclusive, low carbon, modern multi-modal, multi-gateway trade and logistics platform across a network of key sites which will attract high value inward investment. It will support growth and quality employment in key sectors and help regenerate communities across LCR through industry, innovation and collaboration.

The LCR Freeport will comprise three combined tax and customs sites and a potential primary customs site at Liverpool John Lennon Airport. Key ports and rail locations are known as LCR Freeport Gateways. It will benefit from existing and planned strategic multimodal infra-structure assets across air, maritime, rail and road. A key asset will be the Port of Liverpool which is a deep water, large vessel port capable of handling post-panamax sized vessels and which, with its strategic west coast location, is ideally positioned to enable the UK to fulfil an enhanced role in global trade.

Section 3: Initial Screening

Methodology:

The screening exercise is a process by which the following issues are considered:

- Whether there is evidence to suggest that any of the protected characteristics have sensitivities or needs in relation to the project.
- Whether there are existing inequalities or access barriers to services or developments which need to be considered; and
- Whether there are particular community groups or stakeholders representing protected characteristics who have expressed interest or concerns about the project.

In order to complete the screening phase, the following actions were undertaken:

- An initial review of existing baseline information to gather data and understand the communities which may be affected by the proposed scheme. This includes review of previously published documents, Census data and information held by the Combined Authority and constituent local authorities
- We recognise that new data will become available in the coming months and a review of this Equalities Impact Assessment (EIA) will be done to ensure we reflect the most recent and relevant data available.

- Identification of the priority groups and sensitive receptors to be considered within this assessment, which have the potential to experience disproportionate impacts as a result of development of the proposed scheme.

Questionnaire:

Is the project likely to impact on the way the Liverpool City Region Combined Authority is showing "due regard" to three aims of the Public Sector Equality Duty (PSED)? Please select the relevant box or boxes:

X	eliminating unlawful discrimination, harassment, and victimisation
X	advancing equality of opportunity
X	fostering good relations between different groups of people.

If you have checked one or more of the above boxes, please **proceed to section 4**. Otherwise, consider if it is likely to have a significant impact on any of the protected characteristics?

	age
	disability
	gender reassignment
	pregnancy and maternity
	race
	religion or belief
	sex
	sexual orientation
	socio-economic factors

If you have checked one or more of the above boxes, please **proceed to section 4**.

If you have not identified any impacts on either the PSED or the protected characteristics, the initial screening is complete. Full screening is not required and the rest of the EIA template does not need to be completed.

Section 4: Beneficiaries and Objectives

Who should benefit from the proposals, and how does the proposal fit with the Liverpool City Region Combined Authority's aims and objectives?

The vision of the LCR Freeport is for an inclusive, low carbon, modern multi-modal, multi-gateway trade and logistics platform with a network of key sites attracting high value inward investment, supporting growth and quality employment in key sectors to regenerate communities across LCR through industry, innovation and collaboration.

The LCR Freeport sites share common challenges. As outlined in the LCR Freeport Full Business Case, LCR is the most deprived LEP area in the country, with a third of all City Region lower super output areas (LSOAs) in the most deprived decile in the UK. The Tax sites are adjacent to some of the most deprived neighbourhoods in Wirral, St Helens and Halton. For example, Wirral Waters and the MEA Park is located in Birkenhead, which is amongst the 10% most deprived neighbourhoods nationally. The scale of deprivation, and the impact this has on economic growth and productivity, underlines the need to regenerate these neighbourhoods.

The Tax Sites are located in areas that are particularly in need of levelling up: Birkenhead is within the worst 1.5% of LSOAs in terms of employment and income deprivation and Halton and St Helens are within the worst 10% of local authorities in terms of deprivation. From 1998 – 2019 the average economic growth rate in LCR was 1.6%, lower than the 1.9% national rate and the Productivity Gap has been widening in recent years. The LCR Region has high levels of unemployment – data from October 2021 showing that LCR claimant count level of 5.9% compared to that across Great Britain of 4.8%. The employment rate is also low, at 2.3% below the UK average of 75.3%.

The LCR Freeport Investments are consequently targeted at locations where the regeneration opportunity is greatest. Through a programme of targeted skills and employment access and promotion, the LCR Freeport will help support left behind communities to achieve their potential, reducing unemployment and deprivation.

LCR Freeport is a key part of the region's regeneration programme and makes a significant contribution to levelling up, both within communities and as part of the wider Northern Powerhouse proposition.

The growth of a truly inclusive economy is central to LCR's long-term economic ambitions. The LCR Freeport is committed to safeguarding rights for workers, real living wages and equality, diversity and inclusion. The following set of common values ensure the Freeport will contribute to overarching inclusive economy ambitions:

- collaboration on efforts to drive social mobility, equality, and inclusion;
- embedding the principles of the Social Value Framework;
- continuous assessment of core skills requirements and a proactive collaborative approach with key skills providers;
- consideration of activities in line with Fair Employment Charter / Real Living Wage; and

- effective promotion of job opportunities to all communities via local recruitment channels.

The landmark LCR Fair Employment Charter sets the blueprint for ensuring that the Freeport's creation will safeguard and promote the rights and opportunities of people with protected characteristics by promoting practical measures such as targeted recruitment, creating career pathways, and fostering staff voice through support networks.

Liverpool City Region Freeport

Section 5: Baseline

The table below highlights the 'baseline' data from a National and Local Authority standpoint.. We recognise that significant new data will become available in the coming months due to the publication of 2021 Census data and a review of this Equalities Impact Assessment (EIA) baseline will be done to ensure we reflect the most recent and relevant data available.

Protected Group	Baseline Indicator	Available From	National Benchmarks	Halton	Knowsley	Liverpool	Sefton	St. Helens	Wirral
Age	Proportion of population aged 0-15 years, 16-64 years and 65 years plus	ONS Mid-2020 population estimates.	*England, 2020* 0-15 years: 19.2% 16-64 years: 62.3% 65 years plus: 18.5%	*Halton, 2020* 0-15 years: 20.0% 16-64 years: 61.4% 65 years plus: 18.6%	*Knowsley, 2020* 0-15 years: 20.4% 16-64 years: 62.2% 65 years plus: 17.3%	*Liverpool, 2020* 0-15 years: 17.5% 16-64 years: 67.8% 65 years plus: 14.7%	*Sefton, 2020* 0-15 years: 17.5% 16-64 years: 58.8% 65 years plus: 23.7%	*St. Helens, 2020* 0-15 years: 18.3% 16-64 years: 61.1% 65 years plus: 20.6%	*Wirral, 2020* 0-15 years: 18.5% 16-64 years: 59.5% 65 years plus: 22.0%
Disability	Proportion of households with one or more people with a long-term health problem or disability	DC1301EW – Household composition by number of people in household with a long-term health problem or disability.	*England, 2011* No people in households have long-term health or disability: 67.3% 1 or more people in households have long-term health or disability: 32.7%	*Halton, 2011* No people in household have long-term health or disability: 61.1% 1 or more people in 308ousehold have long-term health or disability: 38.9%	*Knowsley, 2011* No people in households have long-term health or disability: 55.4% 1 or more people in households have long-term health	*Liverpool, 2011* No people in households have long-term health or disability: 60.6% 1 or more people in households have long-term health	*Sefton, 2011* No people in households have long-term health or disability: 60.1% 1 or more people in households have long-term health	*St. Helens, 2011* No people in households have long-term health or disability: 59.4% 1 or more people in households have long-term health	*Wirral, 2011* No people in households have long-term health or disability: 60.4% 1 or more people in households have long-term health

					or disability: 44.6%	or disability: 39.4%	or disability: 39.9%	or disability: 40.6%	or disability: 39.6%
Gender (sex)	Proportion of population male and female	ONS Mid-2020 population estimates.	*England, 2020* Males: 49.5% Females: 50.5%	*England, 2020* Males: 48.8% Females: 51.2%	*England, 2020* Males: 47.5% Females: 52.5%	*England, 2020* Males: 50.0% Females: 50.0%	*England, 2020* Males: 48.2% Females: 51.8%	*England, 2020* Males: 49.2% Females: 50.8%	*England, 2020* Males: 48.4% Females: 51.6%
Gender re-assignment	No baseline data available, it is therefore presumed that persons with this protected characteristic exist within the local authority areas								
Marriage and civil partnership	Proportion of persons not in a civil partnership	KS103EW Marital and civil partnership status, local authorities in England and Wales.	*England, 2011* Married or in a registered same-sex civil partnership: 46.8% Single, separated, divorced or widowed: 53.2%	*Halton, 2011* Married or in a registered same-sex civil partnership: 45.1% Single, separated, divorced or widowed: 54.9%	*Knowsley, 2011* Married or in a registered same-sex civil partnership : 40.2% Single, separated, divorced or widowed: 59.8%	*Liverpool, 2011* Married or in a registered same-sex civil partnership : 32.4% Single, separated, divorced or widowed: 67.6%	*Sefton, 2011* Married or in a registered same-sex civil partnership : 46.2% Single, separated, divorced or widowed: 53.8%	*St. Helens, 2011* Married or in a registered same-sex civil partnership : 47.4% Single, separated, divorced or widowed: 52.6%	*Wirral, 2011* Married or in a registered same-sex civil partnership : 44.8% Single, separated, divorced or widowed: 55.2%

Pregnancy and maternity	No baseline data available, it is therefore presumed that persons with this protected characteristic exist within the local authority areas								
Race/ethnicity	Proportion of residents per ethnic group	KS201EW Ethnic group, local authorities in England and Wales.	*England, 2011* White: 85.4% Mixed: 2.2% Asian/Asian British: 7.8% Black/African/Caribbean/Black British: 3.5% Arab: 0.4% Other: 0.6%	*Halton 2011* White: 97.8% Mixed: 1.1% Asian/Asian British: 0.7% Black/African/Caribbean/Black British: 0.2% Arab: 0.0% Other: 0.1%	*Knowsley 2011* White: 97.2% Mixed: 1.3% Asian/Asian British: 1.0% Black/African/Caribbean/Black British: 0.3% Arab: 0.1% Other: 0.1%	*Liverpool 2011* White: 88.9% Mixed: 2.5% Asian/Asian British: 4.2% Black/African/Caribbean/Black British: 2.6% Arab: 1.2% Other: 0.6%	*Sefton 2011* White: 97.4% Mixed: 1.0% Asian/Asian British: 1.0% Black/African/Caribbean/Black British: 0.3% Arab: 0.1% Other: 0.1%	*St. Helens 2011* White: 98.0% Mixed: 1.0% Asian/Asian British: 1.0% Black/African/Caribbean/Black British: 0.1% Arab: 0.1% Other: 0.1%	*Wirral 2011* White: 97.0% Mixed: 1.6% Asian/Asian British: 1.6% Black/African/Caribbean/Black British: 0.2% Arab: 0.1% Other: 0.1%
Religion and belief, including non-belief	Proportion of residents per religious group	KS209EW Religion, local authorities in England and Wales.	*England, 2011* Christian: 59.4% Buddhist: 0.5% Hindu: 1.5% Jewish: 0.5% Muslim: 5.0% Sikh: 0.8%	*Halton, 2011* Christian: 75.0% Buddhist: 0.2% Hindu: 0.2% Jewish: 0.0% Muslim: 0.2% Sikh: 0.0%	*Knowsley, 2011* Christian: 80.9% Buddhist: 0.1% Hindu: 0.2%	*Liverpool, 2011* Christian: 71.0% Buddhist: 0.4% Hindu: 0.5%	*Sefton, 2011* Christian: 76.8% Buddhist: 0.2% Hindu: 0.2% Jewish: 0.2%	*St. Helens, 2011* Christian: 78.8% Buddhist: 0.2% Hindu: 0.2%	*Wirral, 2011* Christian: 70.4% Buddhist: 0.3% Hindu: 0.2% Jewish: 0.1%

			Other religion: 0.4% No religion: 24.7% Religion not stated: 7.2%	Other religion: 0.2% No religion: 18.7% Religion not stated: 5.4%	Jewish: 0.0% Muslim: 0.3% Sikh: 0.0% Other religion: 0.1% No religion: 12.6% Religion not stated: 5.7%	Jewish: 0.5% Muslim: 3.3% Sikh: 0.1% Other religion: 0.2% No religion: 17.7% Religion not stated: 6.2%	Muslim: 0.4% Sikh: 0.0% Other religion: 0.2% No religion: 15.8% Religion not stated: 6.2%	Jewish: 0.0% Muslim: 0.3% Sikh: 0.0% Other religion: 0.2% No religion: 14.6% Religion not stated: 5.5%	Muslim: 0.6% Sikh: 0.1% Other religion: 0.3% No religion: 21.3% Religion not stated: 6.8%
Sexual orientation	The ONS does not currently collect comprehensive, local-level data on sexual identity or non-binary gender identity. In 2018 however, the ONS identified that an estimated 94.6% of the total UK population aged 16 years and over identified as heterosexual or straight, 1.4% were gay or lesbian and 0.9% were bisexual3 . 3.1% of the population stated that they were 'other' or did not know. Given these proportions, it is presumed that persons belonging to this protected group are present at similar levels in the Liverpool City Region.		*UK, 2018* Heterosexual: 94.6% Gay/lesbian: 1.4% Bisexual: 0.9% Other/do not know: 3.1%						

Socio-economic status	Index of Multiple Deprivation (Average Rank) And (Proportion of LSOAs in most deprived 10% nationally) 2019	The English Indices of Multiple Deprivation via MHCLG Open Data.	Data not applicable at the national level data *England, 2019* 10.0%	*Halton, 2019* 21,746.16 31.7%	*Knowsley, 2019* 26,199.75 46.9%	*Liverpool, 2019* 25,833.57 48.7%	*Sefton, 2019* 18,986.70 20.1%	*St. Helens, 2019* 21,635.55 24.4%	*Wirral, 2019* 19,585.79 25.2%
	Unemployment rate	NOMIS Local Market Profile.	*England, October 2021* 4.5% *England, Oct. 20 – Sept. 21* 4.9%	*Halton, Oct. 20 – Sept. 21* 4.1%	*Knowsley, Oct. 20 – Sept. 21* 4.1%	*Liverpool, Oct. 20 – Sept. 21* 5.5%	*Sefton, Oct. 20 – Sept. 21* 3.4%	*St. Helens, Oct. 20 – Sept. 21* 5.1%	*Wirral, Oct. 20 – Sept. 21* 3.4%
	Median Gross Weekly Full-Time Pay for Residents	NOMIS Local Market	*England, April-June 2021* £686 *England, 2021* £613.30	*Halton, 2021* £598.30	*Knowsley, 2021* £572.00	*Liverpool, 2021* £589.80	*Sefton, 2021* £586.70	*St. Helens, 2021* £575.60	*Wirral, 2021* £574.90

Section 6: Assessment of potential impacts and mitigation measures

The LCR Freeport will actively capture and address Impacts and mitigation measures as follows:

- Provide a clear outline of the economic regeneration potential of the Freeport and how it will drive regeneration in deprived areas
- To complete an assessment matrix for each element of the Freeport programme – three (3) matrices for completion
- Provide Ratings to record status – positive, negative, neutral
- The assessment to reference other documents e.g the OBC, LCR Policies and Procedures if required
- Mitigations against any negative impact can include actions undertaken by the Freeport organisations, projects funded through business rates retention or wider interventions undertaken by private sector partners, local government or central government
- Freeport team to take action on LCRCA received guidance as a result of consultations with protected characteristic groups to ensure that any negative impacts during each phase are mitigated (as much as possible), whilst those positive impacts are maximised.

Key Area(s) of Focus:
The key area of the EIA for which the Freeport can make a contribution is improving socio-economic statistics (deprivation and unemployment).The forecast net additional local jobs (10,628) that would be generated by the LCR Freeport would have a significant impact on local unemployment – reducing the current LCR number of unemployed (34,400) by 30%. It will increase the employment rate, improve skills and productivity, as well as helping to tackle deprivation.

Engagement:
The LCR Freeport team will take a proactive approach to confronting both direct and indirect forms of discrimination in areas such as disability. Working with local/national equality leaders, the Freeport team will ensure resources are invested in breaking down long-term structural barriers to employment and representation for people with protected characteristics within all organisations who interact within the Freeport, with targeted initiatives to reduce the employment gaps experienced by disabled and Black, Asian and Minority Ethnic people in particular. The Freeport will work to foster good relationships between communities and will celebrate difference – to help create a truly open landscape to live and work. This will help attract regional, national, and international talent to LCR Freeport, complementing investment within the existing skills development of local people with protected characteristics.

Diverse governance based on core values

With diversity being a core component of LCR Freeport's governance structure, and as a public/private partnership with a wide range of interests, it will reflect the needs and aspirations of the City Region's broad business/sector base and residents across all of its communities.

LCR Freeport partners believe in the benefits that diversity brings, and that diversity of thoughts, experiences and background will support delivery of all the Freeport objectives, which includes a set of core values including contributing to social mobility and the promotion of EDI.

For the purpose of the governance structure diversity includes, but is not limited to, skills and experience, gender, and ethnicity. Board and Steering Group appointments will reflect the diverse nature of the environment in which the LCR Freeport operates and will be made in the context of the skills, knowledge, experience, background and independence that is required for the governance structure to be able to ensure effective delivery.

Stakeholder engagement

Effective and diverse stakeholder interaction will be at the cornerstone of the delivery of the Freeport objectives. The diversity within the proposed governance structure includes a Steering Group and thematic sub-groups that will ensure engagement is multi-faceted and connects with all communities and the broader business base. Underpinning this is a detailed Stakeholder Engagement Strategy [in development] which ensures consistent and systemic approaches.

Partners understand that equality, diversity, and inclusion intersect with stakeholder engagement, and so there are also key practical steps that will be reflected across all activity:

- Extensive stakeholder mapping as part of a continuous process.
- Effective communication strategy, understanding that not all groups of stakeholders communicate in the same way, therefore being flexible and adjusting as necessary.
- Full accessibility in how stakeholders can access, communicate, and engage with the Freeport partners – this is particularly important for local communities with higher levels of need who can be harder to reach.
- Ensuring appropriate language and methods of communication depending upon the stakeholder group.
- Schools' engagement to promote the opportunities of Freeport and raise the level of aspiration in under-represented communities. An Inclusion and Diversity sub-group will underpin this activity, and opportunities will be explored to identify synergies with the work of the Combined Authority's equality engagement forum and panels.

All of the stakeholder management will be managed through Customer Relationship Management (CRM) software, enabling Freeport partners to track and manage the depth of diversity and inclusivity in stakeholder management activities.

Furthermore, to ensure inclusivity and diversity, LCR Freeport's stakeholder management will go beyond mapping and communicating, to nurture and incorporate a culture of co-design and working proactively with stakeholders to develop the most effective solutions for localities and the City Region, ensuring that the Freeport supports the LCR's agenda of diversity, fairness and inclusivity.

There will also be full openness and transparency to sharing – in various accessible ways - performance information and progress, including EDI data, across all aspects of the Freeport. This will build trust with all stakeholders and communities, increasing buy-in and stakeholder's willingness to constructively work with partners on a consistent basis.

LCR Freeport themed impacts and mitigation measures:

As previously highlighted, LCR Freeport can make a major contribution to improving socio-economic statistics (deprivation and unemployment) in the Liverpool City Region. LCR Freeport would have a significant impact on local unemployment, it will increase the employment rate, improve skills and productivity. Therefore it is fitting to highlight the positive impacts of successful Tax and Customs establishment and measures that will be in place to realise this. These measures are fully aligned with the LCR CA core values and wider policies.

Tax and Customs sites establishment: Place-based job creation	Governance: Freeport Board driven activity	Engagement with Representative Panels and supporting Infrastructure(s) (See Figure 1)
Provide and commission inclusive services and programmes based on evidence and engagement.	Implement positive action to improve the diversity of our workforce and become more representative of the communities we serve, supported by Skills Academy	Review membership of advisory groups and governance forums, ensuring that membership is diverse and inclusive for current and future boards.
Review and improve our Community Suppliers List, including measuring the number of diverse owned and led businesses onboarded and awarded contracts	Continue to drive and develop an inclusive workplace culture, communications, and employee engagement	Work with civic groups to understand the Combined Authority's role in addressing issues of equality and co-develop action plans setting out what role the CA can take.
Strengthen current good practice in procurement processes and contract management to further promote equality considerations and fairness and diversify our supplier base through supporting underrepresented groups to participate.	Ensure our employment policies and procedures are inclusive and proactively support equality, diversity and inclusion	Develop systems-wide approaches and partnership working with local authorities and stakeholders to address issues of equality, diversity, and inclusion.
Embed fairness through our Fair Employment Charter and Social Value Framework into our investment and funding processes.	Supportive action on recruitment and progression of women and targeted support for those returning to work following parental leave	Support greater participation at grassroots level by those with protected characteristics in civic and public life, seeking co-design opportunities

Work with stakeholders and partners to develop and secure funding for projects and programmes that are targeted at reducing inequality across protected characteristics	Improve our talent attraction processes by embedding Equality, Diversity and Inclusion principles; monitoring the protected characteristics of applicants at all stages and taking positive steps to support and encourage applicants from under-represented groups.	Bringing together information and intelligence across Local Authorities and stakeholders to provide credible thought leadership on issues of equality, diversity, and inclusion
	Reconfirm our commitment to the social model of disability and implement a reasonable adjustment disability passport policy	A thriving and engaged advisory and support network, providing insights and lived experience, shaping priorities, and informing decision making
	Launch an Equalities Employee Network Group	Use LCR local government equality officers group as a source of local expertise
	Seek EDI-related accreditations such as Disability Confident and Navajo	

Protected Groups:

It is recognised that for the three (3) matrices for completion (themes listed below), there will be a focus on Protected Groups and their associated Impact and Mitigation.

1. Governance Impacts
2. Tax and customs sites establishment impacts (place-based job creation)
3. Infrastructure development impacts (procurements)

An example of a matrix has been captured below as a reference to how this assessment could be completed. As the EIA supporting framework matures and the LCR Equalities infrastructure (see Figure 1) is rolled out, qualitative measures will be more strongly supported by more quantitative data to assess impact and progress.

Protected Group	Potential Impacts	Impact Effect	Mitigation
Age	Consistent tone & values – across all cohorts Opportunity to engage with existing frameworks and organisations within the city region, such as: "Young CA" Alignment with the "Equality Infrastructure within Liverpool City Region" - 4 Equality and Diversity Panels have been stood up (see Figure 1) LCR Freeport could be a pioneering project within the Liverpool City Region to be rolled out with this structure fully established and operational LCR Listens – LCR CA Engagement team	Positive	Board members trained and able to propagate messaging internally and externally Nominate Equality and Diversity Ambassador(s) on the Board Alignment with the Fair Employment Charter

	Opportunity to engage with existing frameworks and organisations such as: "Dementia Action Group" – 'age friendly' City Region – communicate, reliance on technology		
Disability	Positive action for people with impaired mobility Supported internships Educated employers, value of a diverse workforce – practical campaigns / behaviour change	Positive	Alignment with the Fair Employment Charter – strong consideration with new recruitment to roles Segmentation of roles Targeted recruitment of board members
Gender (sex)	Engagement with organisations like Girls Network to engage females from 'grass roots' Ensuring STEM is considered thought the development of the Skills programme / Freeport Academy	Positive	Alignment with the Fair Employment Charter Targeted recruitment of board members – female representatives from industry Targeted careers promotion
Gender reassignment	None specifically identified at this time but will continue to review at each stage of Freeport Team hiring / Board Seat reviews	Neutral	In Work
Marriage and civil partnership		Neutral	In Work
Pregnancy and maternity		Neutral	In Work
	None specifically identified at this time but will continue to review at each stage of Freeport Team hiring / Board Seat reviews	Neutral	In Work
Religion and belief, including non-belief		Neutral	In Work
Sexual orientation		Neutral	In Work

Socio-economic status	Opportunity to secure representation and hear voices from nearby communities, as referenced above.	Positive	Engage local communities via tenant/resident groups or local authority engagement structures. Monitor participant post code data
Race	Consistent tone & values – across all cohorts Opportunity to engage with existing frameworks including the Race Equality Declaration of Intent and the Equality Strategy Alignment with the "Equality Infrastructure within Liverpool City Region" including the Race Equality Hub LCR Listens – LCR CA Engagement team Positive action, developing race literacy and providing mentoring and coaching opportunities at all stages	Positive	Board members trained and able to propagate messaging internally and externally Nominate Equality and Diversity Ambassador(s) on the Board Alignment with the Fair Employment Charter and Equality Strategy

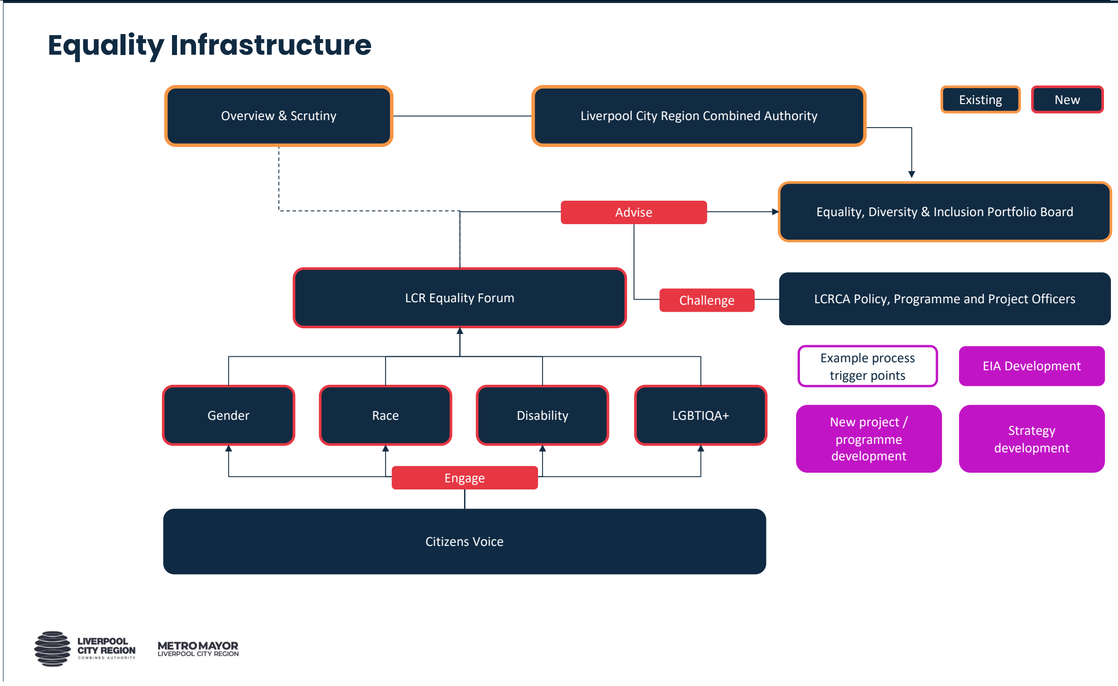


Figure 1: Equality Infrastructure within Liverpool City Region is currently in the final stages of development and will be stood up and rolled out in harmony with the LCR Freeport.

Section 7: Monitoring and Evaluation

Monitoring and encouraging diversity at Board Level
To achieve diversity aspirations, LCR Freeport will:

- Set measurable objectives to achieve gender balance on the Management Board.
- Ensure the composition of the Management Board reflects the wide array of skills, knowledge and experience required to effectively deliver at pace, whilst also reflecting the diversity of the LCR population.
- Maintain an ongoing list of potential Board members/organisations, conducting outreach to ensure suitable diversity of background and protected characteristics to reflect the LCR population.
- Monitor and report annually on EDI, publishing progress on an LCR Freeport website
- Embed EDI in the whole governance structure (including the Steering Group, sub-groups, and stakeholder engagement) and within the ongoing formative evaluation work that will begin once the Freeport is operational.
- Work with the LCR Equality Forum and Equality Panels to support the work of Board in both maintaining a diverse governance structure and actively encouraging continuous improvement with regards to EDI.

The Equality and Diversity Framework will be reported annually to the Board.

P – Net Zero Framework

The Net Zero Framework is available to view in the FBC dropbox folder.

Q – Tax Site Delivery Plan

The Tax Site Delivery Plan is available to view in the FBC Dropbox folder.

R – Tax Site Social Value Approach

The proposal from LCR Chambers, led by St Helens Chamber is available to view in the FBC Dropbox folder.

S – Tax Site rationale

The three tax sites total 310 ha of land located within 20 km of the Primary Gateway site. Combined they offer exceptional access by sea, road and rail, as well as being close to two international airports. The sites were identified through a prioritisation exercise, using core Freeport and local criteria. Maps and location plans are provided in Appendix E.

Parkside East and West, St Helens

Parkside is the largest strategic employment site in the City Region with 161 ha of development land. It is located in St Helens, close to the M6 and M62. The site, which is fully underdeveloped, includes the former Parkside Colliery. The LCR CA has allocated £23.8m of Strategic Investment Funding towards the project alongside £9.75m from Parkside Regeneration. The funding gap required to deliver the project will be met by the Freeport Seed Investment Fund.

Parkside East, subject to local plan allocation process, includes a major new Strategic Rail Freight Interchange promoted by iSec, providing strong economic links to the Port of Liverpool. It will attract advanced logistics and manufacturing businesses, including in food production, with the potential to accommodate some 400,000 sq. m of accommodation and on-site low carbon energy.

In our Extended Case , development brought forward over the Freeport period is forecast to accommodate at least 5,500 gross direct jobs and generate over £520million per annum in GVA (growing over the longer term). For the central case, Development brought forward over the Freeport period is forecast to accommodate at least 3,250 gross direct and 2,290 net additional jobs, generating over £96 million per annum in net additional GVA (growing over the longer term). Initial modelling indicates that the proposals represent high value for money.

The Parkside development sites complement existing R&D and innovation investments in St Helens, including flagship projects such as Glass Futures and the hydrogen fuel switching project by HyNet and NSG Pilkingtons.

The Freeport is part of a wider strategic approach to creating jobs and prosperity for the whole of St Helens and the City Region. Nearby, Newton-le-Willows train station was revamped in 2019 with an £18.5m improvement scheme. This will enhance accessibility to Parkside for people across St Helens and the wider City Region. St Helens has also been successful in receiving £25m in the Government's Towns Deal Fund. The monies will be used to support an array of regeneration projects in and around the town centre. These will directly dovetail with Parkside, where the scale of development means its impact will extend across St Helens and beyond.

Furthermore, St Helens was identified by Government as one of 100 priority places of focus for the UK Community Renewal Fund, based on a criteria that includes lower levels of economic performance and that are less equipped to deal with shocks. The skills and employment focused projects attached to this – worth £2.8m - combined with the Parkside Freeport status, Glass Futures, and St Helens town centre regeneration, provides a strong focus and foundation for future inclusive growth, agglomeration and investment for the area that will benefit residents of St Helens and the wider City Region.

Wirral Waters, Wirral

This 100 ha regeneration and employment site, located around the Birkenhead Docks, has port connectivity, direct access to the M53 motorway and is located within the Mersey Waters Enterprise Zone. It comprises significant areas of dockside land capable of attracting a range of port-centric businesses, advanced manufacturing, innovation and research and development activities. The site is being redeveloped under a strategic masterplan by Peel L&P, with the benefit of an established Tax Increment Financing mechanism.

Proposed tax measures will strengthen demand and further extend the zone, encompassing very extensive areas of derelict, underdeveloped land to the north of the Docks. Investment will address site contamination, while enhancing wider infrastructure to improve strategic connectivity and linkages to adjacent communities.

In our extended case, development over the Freeport period is expected to bring forward 130,000 sq. m of commercial floorspace, contributing 2,700 gross jobs, including multiplier effects, generating £484 million each year in GVA. In the central case, development over the Freeport period is expected to bring forward 38,000 sq. m of commercial floorspace, contributing 680 gross and 478 net additional jobs, generating £32 million each year in net additional GVA and representing very high value for money.

The Wirral Waters Freeport Tax Site builds on significant place-based plans for the area. Wirral Waters is one of the key Neighbourhoods in Wirral designated for current and future investment as part of the large scale Birkenhead 2040 Regeneration Programme, details of which can be viewed in the Birkenhead 2040 Consultation Document. This is a nationally significant regeneration programme which will transform Birkenhead through investment in place making, transport and social infrastructure and housing growth. The Freeport designation will support the Birkenhead 2040 Framework and the emerging Local Plan Strategy for the comprehensive regeneration of Birkenhead, providing the economic stimulus, new job opportunities, skills and investment needed for a regeneration programme of this size and scale.

The large-scale ambitious investments delivered and planned to date include:

- Regeneration of the surrounding town centre and waterfront – work has already commenced with significant asset acquisitions in the core Birkenhead town centre area, scheduled for further investment through government support for regeneration including £50m secured through Future High Streets Fund and Town Deal.
- Housing investment includes over 1,000 new homes immediately adjacent to tax zone designation in the Northbank neighbourhood of Wirral Waters (£6m secured from Homes England's Housing Infrastructure Fund (HIF) to contribute to site-preparation and public realm works; and shortlisted for LCR Brownfield Land monies).
- Transport Infrastructure Investment – within the boundary of the proposed Wirral Waters Tax Site £4m of investment has already been developed for a Dock Road cycle route - Duke St to Wallasey Bridge Rd. In the surrounding neighbourhood areas over £38m of investment is live or planned to support Gateways to Wirral Waters, Active Travel and Green Corridor Routes with further investment planned for Mass Transit solutions.
- Wirral Council is also progressing ambitious new activities to support the growth and innovation of maritime and related industries in the Liverpool City Region (LCR) which will be pivotal to the LCR Freeport plans for innovation:
    - Summer 2021 – June 2023: Delivery of a test and trial maritime accelerator project, supported by £2m of investment from DLUHC's ERDF PA1 programme; and
    - December 2021 – June 2023: £23m Construction of the Maritime Knowledge Hub innovation facility for maritime and related industries. Once developed, this facility will provide a space for maritime businesses and for higher education to co-locate, bringing together business, research, education and innovation support to help drive new skills, products and services

intended to significantly advance growth and address the 'grand challenges' for the sector identified in Maritime 2050 and the International Maritime Organisation 2030.

- UDC: Wirral Council has secured £705K from DLUHC's New Urban Development Corporation competition, which will provide additional capacity to develop the right delivery model and governance structure to progress and implement this extensive place-based regeneration programme.
- Future plans also include a District Heat Network (BEIS business case in progress - total capital cost c.£70m to 2030) and a comprehensive programme of the next phases of regeneration across various areas of the Left Bank of the River Mersey surrounding the Wirral Waters Tax Site. This will see Wirral build on the investments delivered and in implementation to date and work with Homes England to realise the next phase of the development ambitions of Birkenhead 2040 over the next 3/4 years.

3MG, Halton

The 53 ha 3MG tax site is located in Widnes, Halton, and comprises underdeveloped vacant land. It is a focus for key logistics and advanced manufacturing sectors. It offers direct connections to the UK motorway network and rail access from the West Coast Main Line with an operational intermodal terminal. 3MG is already involved in the Hydrogen economy supporting capital investment in low carbon fuels and infrastructure, with Alstom promoting the development of hydrogen-powered trains.

Proposed investments will support the creation of new sidings, which will play a key role in attracting investment, and the re-instatement of Ditton Station will provide sustainable access to the area.

In our extended case, the development of 170,000 sq m of employment floorspace across 3MG and linked sites over the Freeport period is expected to contribute 2,500 gross direct jobs, generating gross annual GVA of over £320 million. In the central case, the development of 84,000 sq m of employment floorspace across 3MG and linked sites over the Freeport period is expected to contribute 1,180 gross direct jobs and 830 net additional jobs, generating net additional annual GVA of over £38 million. Value for money is assessed to be very high.

The 3MG has supported local regeneration and growth ambitions across Halton for many years and has been recognised as a strategic site in regional planning guidance (RPG13) since 2003. The site was a strategic site in the NWDA Regional Economic Strategy and endorsed in the Mersey Freight Strategy (2000). The masterplan for 3MG was adopted by the Council in 2004 and whilst there has been some significant investment in the last 20 years, a lack of appropriate incentives has prevented investment across the whole site.

3MG is a significant strategic priority for both the City Region and Halton, and as with the other tax sites, it fits into a wider narrative to further drive an inclusive economy. Firstly, the re-opening of Ditton station provides a major opportunity to open up the site to residents across Halton and LCR, maximising the access of good quality employment opportunities.

As with St Helens, Halton was also successful in being granted £23m as part of the Government's Towns Fund, key for catalysing regeneration activity. There is also another major site in Halton in Sci-Tech Daresbury, with is a nationally renowned hub of science and innovation activity. 3MG's Freeport developments will complement Daresbury, which possesses significant innovation capabilities – particularly around digital – that will be important to connect into the wider Freeport innovation agenda. The mix of town centre regeneration, improved accessibility, existing innovation capacity, and Freeport status, provides a compelling narrative for Halton and the wider City Region to further attract and anchor investment and jobs.

T - Target markets summary

Logistics

There is significant potential to expand an existing cluster of port-centred logistics activity linked to the Port of Liverpool, to support growth in economic activity and trade in particular with the US. The Freeport is key in attracting investment for speculative development to support NW manufacturing, retail and e-commerce supply chains.

Many blue chip and global companies move cargo through the Port of Liverpool, including the likes of Cargill, Essar, EMR and others. They are supported by a wide-range of logistics service providers, including hauliers such as Maritime Transport and JMD, rail freight providers such as Freightliner, GB Railfreight and DB Cargo along with warehouse operators such as Denholm Handling. Shipping lines are increasingly providing a full range of door-to-door logistics solutions and Liverpool is well served by the leading global shipping lines including MSC, Maersk and CMA.

The port and logistics sector is a prominent employment sector in the LCR. It employs 43,800 people in LCR, equivalent to 7.3% all jobs in the City Region and accounted for a 5.4% share of regional GVA in 2021.

Automotive

The automotive industry is a target sector due to the importance of car manufacturing as a tradable sector to the LCR economy and its growth prospects in delivering on a low carbon future. The sector currently contributes £830m to the LCR economy, equivalent to 21% of manufacturing GVA employing 7,000 people. Moreover, there is a greater concentration of automotive jobs in LCR than on average nationally or across the North West.

If the North West captured 15% of the future market for EV this would equate to £3.5bn annually. With LCR's and the adjacent areas of cluster of firms, skills base and supporting supply chain (including Jaguar Land Rover and the supplier park in Knowsley, and Stellantis at Ellesmere Port, Toyota in Deeside and Bentley in Crewe) combined with Freeport status LCR will be well placed to emulate EV automotive clusters as seen around Ghent. There is a positive early enquiry from an automotive business for a new 80,000sqft customs warehouse located in the LCR Freeport in support of a multi-user customs operation.

Bio manufacturing and chemicals

In terms of biomanufacturing, Liverpool City Region is home to the world's biggest pharmaceutical players (including Astra Zeneca, Seqirus, Bristol Myers Squibb, Allergan UK, Elanco, Teva) and underpins the rationale for selecting this sector. The drivers for pharma manufacturing success is clear. LCR sits at the centre of the UK's chemical engineering industry; is part of a major centre for health and life sciences and is driving the advanced manufacturing sector through digital innovation. The convergence of these assets has a catalytic impact on the availability of the science, technology and engineering talent that underpins biomanufacturing.

Chemical manufacturing is a significant sector for LCR employing 4,500 people across nearly 150 businesses - a greater concentration of employment and firms than both regionally and nationally. As noted above, it supports the continued development of bio-manufacturing, is a key exporter of goods, and presents significant opportunities for the City Region's ambitions around the Circular Economy to get the most use and value out of material resources. Oxford Economics' forecasts for Health and Life sciences estimate 60% growth for the UK economy and 58% for LCR between 2021 and 2045.

Maritime

Liverpool City Region is also home to a diverse range of world-class maritime companies providing national and global expertise in the ports industry, marine engineering, leisure marine, and maritime financial and professional services. The sector has been selected as the City Region is well placed to handle the likely reorientation of UK trade following Brexit, with its ideal location on the UK West Coast, on the transatlantic trade route to North America and via the Panama Canal to Australasia and the Far East.

LCR's maritime sector directly supports 7,900 highly productive jobs and generates £650m in GVA with a wider economic impact of £1.7bn GVA annually, with shipping and ship-building making up its largest industry. Maritime 2050 sets out the basis for long term growth in seaborne trade recognising a wide range of factors including global populations as well as stating "the UK's Population and relative importance to other major EU countries is expected to increase [and contribute to growth in seaborne trade]".

Measuring in deadweight tonnes (DWT) the world fleet size will increase by more than a third (35%) by 2050 with crude oil fleet declining by 30% by mid- century. Decarbonisation will be one of the megatrends that will shape the maritime industry over the next decades, especially considering the new IMO greenhouse gas (GHG) strategy with the concept of Carbon Robust Ship being key. The demand for shipbuilding with innovative new technologies sits well with solutions providers and shipbuilding capacity in LCR positioning it well to attract a significant proportion of this opportunity.

Clean energy

The UK's clean economy is estimated to grow at four times the rate of GDP. This sector has been selected due to unique opportunities in tidal energy, hydrogen (particularly through Alstom developing hydrogen trains at 3MG), and offshore wind, which can place LCR at the forefront of the revolution for sustainable power. Through an LCR Freeport, these clusters and the supply chains that support them, can attract the necessary levels of inward investment to propel LCR in becoming a pioneer of the zero-carbon economy.

Clean energy (within a narrow sector definition) employs over 5,000 people in the City Region, across 455 businesses. But this is set within a wider local low carbon economy ecosystem valued at £2 billion per annum, employing 27,000 people across 1,400 businesses, and above average R&D in the sector. With its unique natural and industrial assets and strength of expertise in energy production and transport, Liverpool City Region is well placed to capitalise on that growth potential.

LCR Freeport is aware of an opportunity in the civil nuclear sector to enable modular construction of Small Modular Reactors, an opportunity recently publicly announced by Rolls Royce and partners.

Liverpool City Region Freeport

U – Stakeholder Map

LCR Freeport Stakeholder Management Plan								
Organisation	Responsible, Accountable, Consulted or Informed	Description of role / areas of influence	Membership of LCR Freeport Governance Group	Project Phase	Stakeholder Manager	Engagement Tools	Frequency	RAG
LCR Public Stakeholders								
Liverpool City Region Combined Authority	Accountable	Accountable Body Links to core policy personnel in Skills, Low Carbon, Transport, Economic Policy and Innovation	Freeport Management Board Freeport Operational Group	All	Freeport Director Freeport Chair	In person/virtual briefings as required Written progress reports Participation in key LCR CA meetings	High (At least monthly)	
Metro Mayor	Accountable	Overall responsibility for the LCR CA Freeport Accountable Body and arrangements with Government	Freeport Management Board	All	Freeport Director Freeport SRO Freeport Chair	In person/virtual briefings as required Written progress reports Participation in key LCR CA meetings	High (At least monthly)	
Liverpool City Region Local Enterprise Partnership	Consulted	Consultation and engagement with LEP Board and Key Sector Sub-Boards	Freeport Management Board	All	Freeport Director Freeport Chair Freeport Management Team Leads	In person/virtual briefings as required Written progress reports Participation in key LEP Board and Sub Board meetings	Med-High Quarterly – Monthly)	
Growth Platform	Accountable	Lead role in relation to Trade and Investment and Key Freeport Sector Engagement	Operational Group	All	Freeport Director	Secondment / direct engagement with Freeport Management Team	V High (Day-to-Day)	
Liverpool City Council	Informed / Consulted	Interest in wider programme and growth of customs sites/investments at Liverpool John Lennon Airport	Nominated representative representing non-tax site LAs on Freeport Management Board	All	Freeport Director	Briefings via Growth Directors Meetings, frequency TBC	High (At least monthly)	
Wirral Borough Council	Accountable / Responsible	Administration of the Wirral Waters Tax Site	Nominated representative representing tax site LAs on Freeport Management Board	All	Freeport Director Freeport SRO Freeport Chair	Briefings via Growth Directors Meetings, frequency TBC Technical Steering Group	High (At least monthly)	
Halton Borough Council	Accountable / Responsible	Administration of the Wirral Waters Tax Site	Nominated representative representing tax site LAs on Freeport Management Board	All	Freeport Director Freeport SRO Freeport Chair	Briefings via Growth Directors Meetings, frequency TBC Technical Steering Group	High (At least monthly)	

St Helens Borough Council	Accountable / Responsible	Administration of the Wirral Waters Tax Site	Nominated representative representing tax site LAs on Freeport Management Board	All	Freeport Director Freeport SRO Freeport Chair	Briefings via Growth Directors Meetings, frequency TBC Technical Steering Group	High (At least monthly)	
Knowsley Borough Council	Informed / Consulted	Interest in wider programme and growth of customs sites/investments at Liverpool John Lennon Airport	Nominated representative representing non-tax site LAs on Freeport Management Board	All	Freeport Director	Briefings via Growth Directors Meetings, frequency TBC	High (At least monthly)	
Sefton Borough Council	Informed / Consulted	Interest in wider programme – especially environmental and growth of Port of Liverpool (formerly opposed)	Nominated representative representing non-tax site LAs on Freeport Management Board	All	Freeport Director	Briefings via Growth Directors Meetings, frequency TBC	High (At least monthly)	
Local MPs	Informed	High level reporting against local and national policy objectives	Freeport Management Board (via representative MP)	All	Freeport Chair Freeport Director	Briefings as required by Chair and Director	Med (Quarterly)	
Private Sector (Organisations)								
Liverpool Chamber of Commerce	Informed / Consulted	Business engagement Business knowledge and perspective	Operational Group	All	Freeport Director	Briefings as required Participation in Chamber events	Med (Quarterly)	
Wirral Chamber of Commerce	Informed / Consulted	Business engagement Business knowledge and perspective	Operational Group	All	Freeport Director	Briefings as required Participation in Chamber events	Med (Quarterly)	
St Helens Chamber of Commerce	Informed / Consulted	Business engagement Business knowledge and perspective	Operational Group	All	Freeport Director	Briefings as required Participation in Chamber events	Med (Quarterly)	
Halton Chamber of Commerce	Informed / Consulted	Business engagement Business knowledge and perspective	Operational Group	All	Freeport Director	Briefings as required Participation in Chamber events	Med (Quarterly)	
Knowsley Chamber of Commerce	Informed / Consulted	Business engagement	Operational Group	All	Freeport Director	Briefings as required Participation in Chamber events	Med (Quarterly)	

		Business knowledge and perspective						
Mersey Maritime	Informed / Consulted	Maritime Sector engagement Maritime Sector knowledge and perspective	Operational Group	All	Freeport Director	Briefings as required Participation in MM events	Med (Quarterly)	
Chemical Industries Association	Informed	Information dissemination / liaison with new occupiers, promotion of opportunity, key challenges	TBC	All	Freeport Director Trade and Investment Lead	Briefings as required Participation in CIA events	Med-Low (Biannually)	
Northwest Automotive Alliance	Informed	Information dissemination / liaison with new occupiers, promotion of opportunity, key challenges	TBC	All	Freeport Director Trade and Investment Lead	Briefings as required Participation in NAA events	Med-Low (Biannually)	
Northwest Business Leadership Team	Informed / Consulted	Information dissemination / liaison with new occupiers, promotion of opportunity, key challenges	TBC	All	Freeport Director Trade and Investment Lead	Briefings as required Participation in CIA events	Med (Quarterly)	
Private Sector (Freeport Partners)								
Peel Ports	Consulted	Key partner to LCR Freeport Information, knowledge regarding POL Gateway	Freeport Management Board Freeport Operational Group	All	Freeport Director	Discussion and briefings around key governance meetings	High - Med (Quarterly)	
Peel Land and Property	Responsible	Delivery of the Wirral Waters Tax Site	N/A Group	All	Freeport Director	Discussion and briefings around key governance meetings	High - Med (Quarterly)	
Liverpool John Lennon Airport	Responsible	Delivery of Aviation Customs Opportunity with Wynne Aviation	N/A Group	All	Freeport Director	Discussion and briefings around key governance meetings	High - Med (Quarterly)	
Associated British Ports	Informed / Consulted	Gateway Partner	N/A Group	All	Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Stobart Ports	Informed / Consulted	Gateway Partner	N/A Group	All	Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Stobart Group / Esken	Responsible	Delivery of (Part) 3MG Tax Site	N/A Group	All	Freeport Director	Discussion and briefings around key governance meetings	High - Med (Quarterly)	
Potter Logistics	Informed / Consulted	Gateway Partner	N/A Group	All	Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	

Liverpool City Region Freeport

ISEC	Responsible	Delivery of Parkside East Tax Site	N/A Group	All	Freeport Director	Discussion and briefings around key governance meetings	High - Med (Quarterly)	
Parkside Regeneration	Responsible	Delivery of Parkside West Tax Site	N/A Group	All	Freeport Director	Discussion and briefings around key governance meetings	High - Med (Quarterly)	
TEVA	Consulted / Informed / Responsible	Potential Customs Site	N/A Group	All	Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Astra Zeneca	Consulted / Informed / Responsible	Potential Customs Site	N/A Group	All	Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Private Sector (Freeport Stakeholder)								
JLR	Informed	Potential future Freeport Customs Partner Key Automotive Stakeholder	N/A	All	Freeport Director	Informed via LEP Sector Sub Board	Med – Low (Biannually)	
Ford Motor Company	Informed	Key Automotive Stakeholder	N/A	All	Freeport Director	Informed via LEP Sector Sub Board	Med – Low (Biannually)	
Stellantis	Informed	Key Automotive Stakeholder	N/A	All	Freeport Director	Informed via LEP Sector Sub Board	Med – Low (Biannually)	
Members of LEP Sub Groups (Automotive, Health and Life Sciences, Innovation)	Informed	Key Automotive Stakeholder	N/A	All	Freeport Director	Informed via LEP Sector Sub Board	Med – Low (Biannually)	
R&D / Innovation Organisations								
Science and Technology Facilities Council	Informed / Consulted	Partner to LCR Freeport Innovation Group	LCR Freeport Innovation Group	All	Freeport Innovation Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Manufacturing Technology Centre	Informed / Consulted	Partner to LCR Freeport Innovation Group	LCR Freeport Innovation Group	All	Freeport Innovation Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
University of Liverpool	Informed / Consulted	Partner to LCR Freeport Innovation Group	LCR Freeport Innovation Group	All	Freeport Innovation Lead	Briefings as part of engagement group	High - Med (Quarterly)	

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Liverpool City Region Freeport

					Freeport Director			
Liverpool John Moores University	Informed / Consulted	Partner to LCR Freeport Innovation Group	LCR Freeport Innovation Group	All	Freeport Innovation Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Metro Dynamics (LCR Innovation Ecosystem)	TBC	Partner to LCR Freeport Innovation Group	LCR Freeport Innovation Group	All	Freeport Innovation Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Health Innovation Liverpool (HILL)	Informed / Consulted	Partner to LCR Freeport Innovation Group	LCR Freeport Innovation Group	All	Freeport Innovation Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
National Packaging Innovation Center (NPIC)	Informed / Consulted	TBC	LCR Freeport Innovation Group	All	Freeport Innovation Lead Freeport Director	Briefings as part of engagement group	TBC	
Glass Futures	Informed / Consulted	TBC	LCR Freeport Innovation Group	All	Freeport Innovation Lead Freeport Director	Briefings as part of engagement group	TBC	
Catapult Organisations	Informed / Consulted	Partner to LCR Freeport Innovation Group	LCR Freeport Innovation Group	All	Freeport Innovation Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Skills Organisations / FE Colleges								
City of Liverpool College	Informed / Consulted	Partner to LCR Freeport Skills Group	LCR Freeport Skills Group	All	Freeport Skills Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Hugh Baird College (Port Academy)	Informed / Consulted	Partner to LCR Freeport Skills Group	LCR Freeport Skills Group	All	Freeport Skills Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Knowsley and St Helens College	Informed / Consulted	Partner to LCR Freeport Skills Group	LCR Freeport Skills Group	All	Freeport Skills Lead	Briefings as part of engagement group	High - Med (Quarterly)	

Liverpool City Region Freeport

					Freeport Director			
Wirral Met College	Informed / Consulted	Partner to LCR Freeport Skills Group	LCR Freeport Skills Group	All	Freeport Skills Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
IDEA Centre at Riverside College, Cronton	Informed / Consulted	Partner to LCR Freeport Skills Group	LCR Freeport Skills Group	All	Freeport Skills Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Greater Merseyside Learning Provider Federation	Informed/ Consulted	Partner to LCR Freeport Skills Group	LCR Freeport Skills Group	All	Freeport Skills Lead Freeport Director	Briefings as part of engagement group	High – Med (Quarterly)	
Security Stakeholders								
Port of Liverpool Authority	Informed / Consulted	Partner to LCR Freeport Security Group	LCR Freeport Security Group	All	Freeport Security / Compliance Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Merseyside Police	Informed / Consulted	Partner to LCR Freeport Security Group	LCR Freeport Security Group	All	Freeport Security / Compliance Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Cheshire Police	Informed / Consulted	Via Merseyside Police as needed	LCR Freeport Security Group	All	Via Merseyside Police as needed	Via Merseyside Police as needed	Low (Annually)	
Greater Manchester Police	Informed / Consulted	Via Merseyside Police as needed	LCR Freeport Security Group	All	Via Merseyside Police as needed	Via Merseyside Police as needed	Low (Annually)	
Border Force	Informed / Consulted	Partner to LCR Freeport Security Group	LCR Freeport Security Group	All	Freeport Security / Compliance Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Government Stakeholders (direct)								
DLUCH	Responsible	LCR Freeport Policy Owner	N/A	All	Freeport Director Freeport SRO Freeport Chair	Briefings as part of SRO Forum 1-2-1 Briefings M&E Reporting Plan	High (Monthly)	
DfT	Informed / Consulted	LCR Freeport Policy Owner	N/A	All	Freeport Director Freeport SRO Freeport Chair	TBC	TBC	

BEIS	Informed / Consulted	Innovation (UKRI) Business Engagement and Investment Inward Investment Leads Key Sectors	N/A	All	Freeport Director Freeport SRO Freeport Chair	Briefings as part of SRO Forum 1-2-1 Briefings M&E Reporting Plan	High (Monthly)	
DIT	Informed / Consulted	Inward Investment Trade Key Sectors	N/A	All	Freeport Director Freeport SRO Freeport Chair	Briefings as part of SRO Forum 1-2-1 Briefings M&E Reporting Plan	High (Monthly)	
HMRC	Informed / Consulted	Implementation of Tax Sites Implementation of Customs Sites	N/A	All	Freeport Director Freeport SRO Freeport Chair	Briefings as part of SRO Forum 1-2-1 Briefings M&E Reporting Plan	High (Monthly)	
HMT	Informed / Consulted	Implementation of Tax Sites Implementation of Customs Sites	N/A	All	Freeport Director Freeport SRO Freeport Chair	Briefings as part of SRO Forum 1-2-1 Briefings M&E Reporting Plan	High (Monthly)	
Home Office	Informed / Consulted	Security	N/A	All	Freeport Director Freeport SRO Freeport Chair	Briefings as part of SRO Forum 1-2-1 Briefings M&E Reporting Plan	High (Monthly)	
Project Stakeholders								
HyNet	Informed / Consulted	Key Sectors Link, associated investment opportunities	N/A	All	Freeport Director Freeport Innovation Lead Freeport Trade and Investment	1-2-1 contact Support for HyNet events and working groups	Med (Quarterly)	
Mersey Tidal Power	Informed / Consulted	Key Sectors Link, associated investment opportunities	N/A	All	Freeport Director Freeport Innovation Lead Freeport Trade and Investment	1-2-1 contact Support for MTP events and working groups	Med (Quarterly)	
Maritime Knowledge Hub	Informed / Consulted	Key Sectors Link, Innovation Hub	N/A	All	Freeport Director Freeport Innovation Lead	1-2-1 contact	Med (Quarterly)	

Liverpool City Region Freeport

					Freeport Trade and Investment			
High Potential Opportunity for Vaccines Project	Informed / Consulted	Key Sectors Link	N/A	All	Innovation Lead Freeport Director	Via LEP Sub Board	Med (Quarterly)	
Port City Innovation Hub (See Universities)	Informed / Consulted	Part of Innovation Workstream	N/A	All	Innovation Lead	Via Freeport Innovation Working Group	Med (Quarterly)	
Diversity and Inclusion Stakeholders								
LCR Fairness and Social Justice Advisory Board	Informed/to be consulted	Strategic Partner	LCR Freeport Inclusion and Diversity Group	All	Freeport Director	Through Equality Impact Assessment/Briefings as part of engagement group	Med (Quarterly)	
LCR Equalities Delivery Group	Informed / Consulted	Strategic Partner	LCR Freeport Inclusion and Diversity Group	All	Freeport Director Freeport ED&I / Social Value lead	Through Equality Impact Assessment/Briefings as part of engagement group	High (At least monthly)	
The Women's Organisation	Informed/to be consulted	Strategic Partner	LCR Freeport Inclusion and Diversity Group	All	Freeport Director	Through Equality Impact Assessment/Briefings as part of engagement group	Med (Quarterly)	
LCR Social Economy Panel	Informed/to be Consulted	Strategic Partner	LCR Freeport Inclusion and Diversity Group	All	Freeport Dirsector	Through Equality Impact Assessment/Briefings as part of engagement group	Med – Low (Biannually)	
NW TUC	Informed / to be consulted	Strategic Partner	LCR Freeport Inclusion and Diversity Group	All	Freeport Director	Through Equality Impact Assessment/Briefings as part of engagement group	Med – Low (Biannually)	
Net Zero Stakeholders								
LCR Climate Partnership	Informed/to be consulted	Strategic Partner	LCR Freeport Net Zero Growth Group	All	Freeport Innovation Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
LCR Climate Panel	Informed/to be consulted	Strategic Partner	LCR Freeport Net Zero Growth Group	All	Freeport Innovation Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
University of Liverpool	Informed / Consulted	Strategic Partner	LCR Freeport Net Zero Growth Group	All	Freeport Innovation Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	

Liverpool John Moores University	Informed / Consulted	Strategic Partner	LCR Freeport Net Zero Growth Group	All	Freeport Innovation Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Merseyside Environmental Advisory Service	Informed / Consulted	Strategic Partner	LCR Freeport Net Zero Growth Group	All	Freeport Innovation Lead Freeport Director	Briefings as part of engagement group	High - Med (Quarterly)	
Inward Investment Stakeholders								
DIT	Informed / Consulted / Responsible	Support Inward Investment Plan	Inward Investment Board (Growth Platform)	All	Freeport Trade and Investment Lead / Growth Platform Support	Via Inward Investment Board	Med (Quarterly)	
Inward Investment Board Stakeholders	Informed / Consulted / Responsible	Support Inward Investment Plan	Inward Investment Board (Growth Platform)	All	Freeport Director Freeport Trade and Invetsment Lead	Via Inward Investment Board	Med (Quarterly)	
Invest / Marketing Liverpool	Informed / Consulted	Help to facilitate inward investment / FDI	N/A	All	Freeport Director / SRO	In person/virtual briefings as required	Med (Quarterly)	
Institute of Export & Inward Investment (IOE)	Informed / Consulted / Responsible	Support Inward Investment Plan	Inward Investment Board (Growth Platform)	All	Freeport Trade and Investment Lead / Growth Platform Support	Via Inward Investment Board	V. High (Daily)	