

Teesport – Freeport

Locations evaluation – stakeholder update

7th January 2021

Core objectives - Why

1. Establish Freeports as national hubs for global trade and investment across the UK
2. Promote regeneration and job creation – HMG lead policy objective
3. Create hotbeds for innovation

Enabling objectives - How

4. Deliverability of proposal effectively at pace
5. A high level of private sector involvement in the proposal

Plus 50 pages of guidance

Issues particularly relevant to site selection (and evaluation)

- 2.1.4 “demonstrate how the Freeport will bring new investment into the surrounding region and increase trade”
- 2.1.5 “a view of any investment projects that the Freeport could help to deliver and a view of the sectors they will target within the region.”
- 2.2.6 “Evidence of new private sector investment”
- 2.2.8 “being well-aligned with existing or planned infrastructure investment”
- 2.5.3 “increase in economic specialisation in activities high in GVA relative to the current makeup of the local economy”
- 3.1.21.b “three individual sites aiming to be between 20-200 hectares”
- 3.1.21.i “underdeveloped”
- 3.1.23.c “generate additional economic activity in the site”
- 3.1.23.d “optimal choice for the local area, representing good value for money”
- 3.7.4 “complement pre-existing strategies such as Local Industrial Strategies, Skills Advisory Panel analysis, spatial strategies and local transport plans.”
- 5.2.1 “Deliverability of proposal effectively at pace”
- 5.2.1 “Regeneration and levelling up”

Assessment criteria



Assessment Criteria	Relation to Bidding Prospectus
Scale of development	2.1.4, 2.2.6, 3.1.21b, 3.1.21c, 3.1.23c, 5.2.1
Land assembly issues	3.1.23.d, 5.2.1
Contamination issues	3.1.23.d, 5.2.1
Connectivity	2.2.8, 3.1.23c, 3.1.23.d, 3.7.4, 5.2.1
Pace of delivery	5.2.1
“Fit” with TVCA ambitions	3.7.4
Attractive to investors	2.1.4, , 3.1.23c, 5.2.1
Contribution to Freeport	5.2.1

Confirmed benefits of Freeport status



Applicability	Benefit	Length of benefit
Customs site	Duty exemption	No end date set
Customs site	Suspended import VAT	No end date set
Customs site	Tariff inversions	No end date set
Tax site	Business rate relief - 100%	Business claim between 1 October 2021 and 30 September 2026 - then lasts 5 years
Tax site	Employer NIC relief - 0% up to £25k	3yrs per employee/9 years total
Tax site	Enhanced Capital Allowance	Investments are incurred on or after 1 October 2021 until 30 September 2026
Tax site	Enhanced Building and Structures Allowance - 10% cost over 10 years	Asset brought into use between 1 April 2021 and 30 September 2026.
Tax site	Stamp Duty Land Tax (SDLT) Relief	1 April 2021 until 31 March 2026
Everywhere	Seed Capital Fund (£175m total)	No end date set
Everywhere	Simplified planning (LDOs)	No end date set

Approach to evaluation of options

- A key principle is to view potential objectively in context of what MHCLG and HM Treasury will evaluate, regardless of land ownership, pre-conceptions on suitability or corporate preferences

- Adherence to rules and guidance
- Issues Government will evaluate on

1

Bidding Prospectus

2

Assessment of criteria

- Macro/sector level
- Alignment to core Freeport proposition

3

Literature review

- Government policy
- ONS and other independent data
- Regional strategies
- Market insights

Desktop research

- Technical review of available data
- Perspective from experience elsewhere

4

Market feedback

- Listening to stakeholder insights

5

Options appraisal

6

- Evaluation of locations across a range of permutations
- Alignment with bid requirements as well as analysis findings
- Ranking of each against key bid metrics

Sector overview (0 = does not satisfy criteria, 1 = moderately satisfies criteria, 2 = strongly satisfies criteria)



	Chemicals	Adv. Manufacturing	Clean Energy	Digital	Bioscience	Logistics
Aligns with UK Industrial Strategy	1	1	2	2	2	1
High growth	0	1	2	1	2	1
High productivity	2	1	1	2	2	1
R&D and innovation	1	0	2	2	2	2
High quality jobs	1	1	1	2	2	1
Forging partnerships	2	2	2	1	1	1
Zero carbon potential	1	1	2	0	0	0
High trade flow	2	2	0	0	-	1
Comparative advantage	2	1	1	0	0	1
Total	12	10	13	10	11	9

Location options evaluation

(locations not shown in any order of preference)

South Bank: North of rail line



Site: South Ind Zone (North of rail line)	Score	Notes
Suitable as Tax site?	2.5	Whilst 250Ha overall, 125Ha set over as contaminated spoil heaps from previous industrial uses. Currently limits maximising the 200Ha tax site limit without rapid remediation
Suitable as Customs site?	2.5	Elements on river frontage could form secondary customs site, but will take time to realise
Land assembly issues	5	STDC-owned, therefore ease of progress
Contamination issues	1	Heavily contaminated, major H&S issues due to previous steel coke oven usage, below ground service issues. However remediation funding available, underway
Connectivity	2	Riverside but no port/dock infrastructure in yet in place. Reasonable road access
Pace of delivery	1	Slow due to sheer scale of remediation needed
Alignment with TVCA master plan	5	Part of the updated Teesworks masterplan released 21/12/20
Attractive to investors	2	Extent of contamination may limit appeal without significant incentives
Contribution to overall Freeport proposition	3	Pace of bringing into use by investors limits the appeal of the site regardless of ease of land assembly

Dorman Point: South of Rail line



Site: South Ind Zone: site South of rail line	Score	Notes
Suitable as Tax site?	2	Too small to be a tax site at c75Ha, with 10Ha allocated as EFW plant built over next 3 years
Suitable as Customs site?	3	Yes, could be a stand- alone secondary customs site
Land assembly issues	5	TDC-owned, therefore ease of progress
Contamination issues	2.5	Potentially badly contaminated, however remediation funding available
Connectivity	3	Road good and potentially rail connectivity
Pace of delivery	2.5	Subject to scale of remediation works tbc
Alignment with TVCA master plan	5	Part of the Teesworks plan released 21/12/20
Attractive to investors	2.5	Scale and contamination may make it challenging
Contribution to overall Freeport proposition	2.5	Scale and attractiveness to investors limit the site regardless of simplicity of land assembly and pace of deployment



Site: Tees Dock	Score	Notes
Suitable as tax site?	2	Operations as a port do not lend the site to use as a tax site. Whilst circa 270Ha, there is little room for new development
Suitable as Customs site?	4	All required customs infrastructure is in existence, although scale of port operations suggests that there is limited development opportunity on site, including for component assembly at scale
Land assembly issues	5	Clear ownership within PD Ports
Contamination issues	3	Not anticipated as being highly contaminated and a constraint to additional development
Connectivity	5	River/sea and road connectivity good
Pace of delivery	5	Planned investment programme with track record of landowner delivery
Alignment with TVCA masterplan	4	Referenced in updated Teesworks masterplan released 21/12/20
Attractive to investors	2.5	Finding development space on site may be a challenge for investors looking for “at scale” development opportunities
Contribution to overall Freeport proposition	4	As a site with established customs infrastructure, the potential contribution to the Freeport is strong

Teesport Commerce Park



Site: Tees Commerce Park	Score	Notes
Suitable as Tax site?	2	Too small (c58Ha) to be an optimum tax site with scaleable investment potential, even with available land to South
Suitable as Customs site?	3	Yes, could be a small, secondary Customs site
Land assembly issues	5	In one ownership within PD Ports
Contamination issues	4	Fewer than many other available sites within the Teesport area
Connectivity	4	To both river and road are good
Pace of delivery	5	Able to bring forward immediately, neither land assembly nor contamination issues to consider
Alignment with TVCA Masterplan	2	Not part of the updated Teesworks masterplan released 21/12/20
Attractive to investors	2	Potentially too small to attract domestic/ international business at scale
Contribution to overall Freeport proposition	1	Scale may limit the site regardless of simplicity of land assembly and pace of deployment. As a tax site it falls far short in terms of the maximum 200Ha allowable site area



Site: Hartlepool	Score	Notes
Suitable as tax site?	2	C70Ha of total site area with perhaps 30% development opportunity, limiting its potential
Suitable as customs site	4	Could be used as a secondary customs site
Land assembly issues	5	In single ownership within PD Ports
Contamination issues	2.5	Unknown - TBC
Connectivity	4	Good- Sea, road and rail
Pace of delivery	4	Potentially good given ownership status
Alignment with masterplan	2	Not part of the updated Teesworks plan released 21/12/20
Attractive to investors	2.5	Possibly attractive but only in context of its satellite role within a larger Freeport area founded on the Tees
Contribution to overall Freeport proposition	3	Smaller scale and remoteness from other core Freeport sites may be an issue

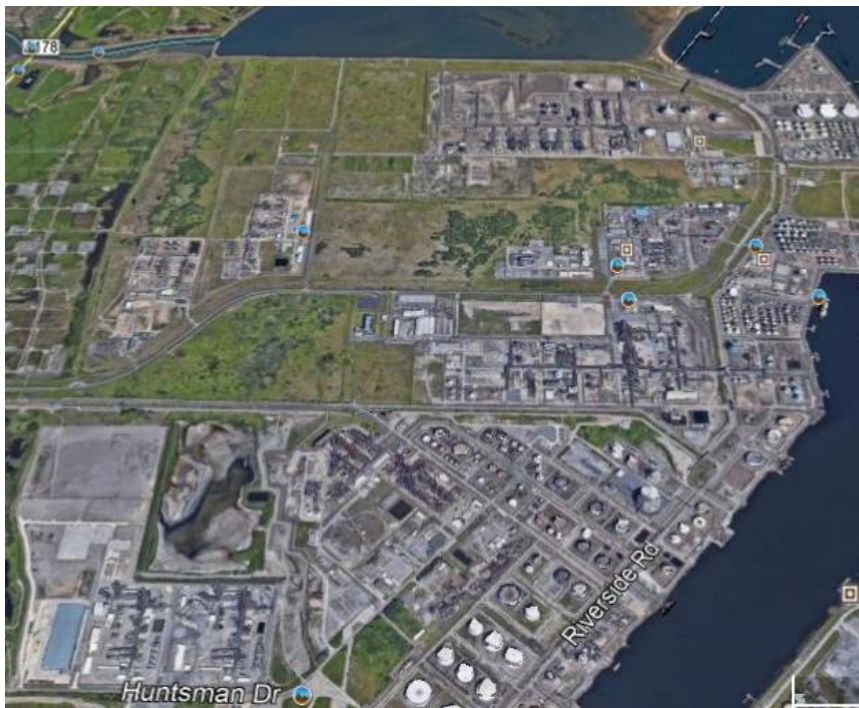


Site: Wilton	Score	Notes
Suitable as tax site	5	Good scale- good tax site opportunity, available sites in excess of 200Ha (of a total 750Ha)
Suitable as customs site	2.5	Less value as customs site - due to location, but specific parcels may form secondary customs sites
Land assembly issues	4	Land ownership and availability enables development
Contamination issues	4	Reasonable ground conditions
Connectivity	4	Remote from River but good road connectivity
Pace of delivery	5	Infrastructure 'plug and play' readiness
Alignment with TVCA masterplan	2.5	Not part of the updated Teesworks masterplan released 21/12/20 (outside of boundary of STDC land)
Attractive to investors	4	Strong, good scale, good plot size, complementary organisations based on site, which enable further growth of a core Freeport industry cluster
Contribution to overall Freeport proposition	4.5	Scale of sites and attractiveness to investors potentially very strong

North Industrial Zone (Redcar Bulk Terminal, The Foundry, Net Zero Teesside)

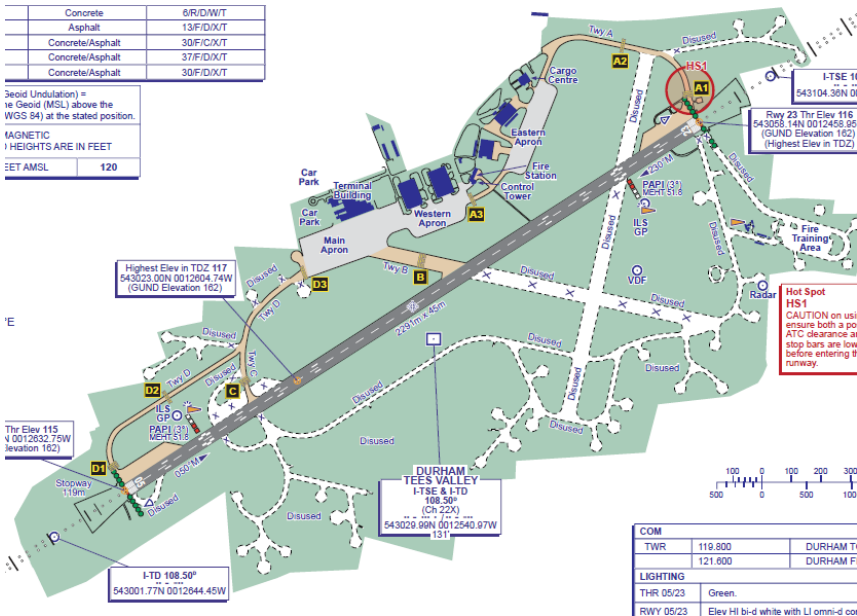


Site: North Ind Zone	Score	Notes
Suitable as tax site?	4	In excess of 375Ha of developable site-good for both customs and tax site usage
Suitable as customs site?	5	As above
Land assembly issues	4	Understand whole site is in single ownership though clarification required on status of Redcar Bulk Terminal V AA
Contamination issues	2.5	Unable to fully ascertain from desktop research at this stage
Connectivity	5	Good - both river and road access excellent. Possibly rail connectivity available too
Pace of delivery	2.5	Unknown: driven almost entirely by extent of remediation works needed
Alignment with TVCA masterplan	4.5	Part of the updated Teesworks plan released 21/12/20
Attractive to investors	3	Excellent, subject to ground remediation works needed and availability of funding. Scale of sites on offer good
Contribution to overall Freeport proposition	4	Scale of sites and attractiveness to investors potentially very good- access to seafront a bonus



Site: Seal Sands	Score	Notes
Suitable as tax site?	3	Strong scale (315 Ha), though limited by existing operational needs/uses
Suitable as customs site	4	Potential is strong given potential for assembly good/materials movement and river access
Land assembly issues	5	In single ownership
Contamination issues	2.5	Unknown- TBC
Connectivity	3	River connections available via Conoco Phillips; Good road connectivity
Pace of delivery	4	Potentially good
Alignment with TVCA masterplan	2	N/A as not part of the STDC curtilage
Attractive to investors	4	Excellent, good scale, good plot size, other enabling/linked organisations based on site
Contribution to overall Freeport proposition	4	Scale of sites and attractiveness to investors potentially very good; extends the reach of the proposition to support agglomeration impacts

Teesside Airport



Site: Teeside Airport	Score	Notes
Suitable as tax site?	2	The airport site is constrained for new development by operational activities. To work effectively as a tax site the proposed business park would need to be rapidly developed
Suitable as customs site	4	Potentially a good secondary customs site, currently constrained in terms of developable area. If proposed as a Primary Customs site, could undermine the sea port-led proposition
Land assembly issues	5	In single ownership
Contamination issues	2.5	Unknown. Primarily greenfield assumed
Connectivity	4	Good - air, road and rail but remoteness from sea dilutes the integration with the river offer
Pace of delivery	2	May be a challenge if reliant on business park
Alignment with TVCA masterplan	2	Not applicable to the Teesworks masterplan released 21/12/20
Attractive to investors	3.5	Possibly good as customs site
Contribution to overarching Freeport	4	Smaller scale and remoteness from other core Freeport sites could dilute the core offer

