

Gatwick Freeport Bid

February 2020

Proposals developed and submitted jointly by:

Coast to Capital LEP, Gatwick Airport, Crawley Borough Council, Manor Royal BID, West Sussex County Council

Part 1: Essential information

1.1 Please submit a proposed name for your Freeport. This should clearly distinguish it from any other potential Freeport proposals.

Gatwick Freeport

1.2 Provide name and contact details for the Senior Responsible Officer for the programme. NB: This will be the key point of contact for the government.

Jonathan Sharrock

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1.3 Please upload the following pdf files legible at A3:

- One map showing your Freeport outer boundary, no points on which should be more than 45km apart, and the locations of the tax site(s), customs sites, and any other sites which make up the bid (e.g. infrastructure projects)
- One map per customs zone defining its boundaries
- One map per tax site defining its boundaries (sites must be single and individual)

See Annex 1a to 1d for maps of Outer Boundary, Primary Customs Zone, Customs Subzone and the Tax Site.

1.4 Please also email an ESRI Shapefile or Vector Geopackage version of each map uploaded at 1.2 to Freeports-MHCLG@communities.gov.uk

As submitted

1.5 Please confirm you have communicated your plans to the landowners impacted by your proposed tax site.

Yes

1.6 For each customs site, please upload a signed letter from the site operator confirming that:

- They are willing to be included in the bid

- They are aware that, should the bid be successful, as site operator, they will be required to obtain the relevant authorisations from HMG before the site can be designated as a customs site
- They are willing to undergo the authorisation process

If the operator already has HMG customs authorisations they should state this in the letter.

As submitted

1.7 Please upload written confirmation of support for your bid from your local authority or local authorities and (if you have their endorsement) Local Enterprise Partnership (LEP).

- The letter must be signed by the leader of each local authority that is responsible for planning and business rates collection in whose area any of the proposed Freeport sites will sit. The letter should commit their full support and agreement to the proposed bid specifically those areas for which they have statutory responsibility including planning and business rates to ensure the delivery of the proposal.
- The letter should be also signed by the MCA and/or LEP to confirm their support for the bid and detail its alignment with the delivery of the areas prevailing economic strategy.
- Where relevant, the letter should be signed by the leader of each local authority that is responsible for transport. For example, the County Council or MCA.

As submitted

1.8 Is your bid a cross-border bid? If so, is any of the land covered by your bid also subject to a Freeport bid in another nation?

No

1.9 Does your Freeport propose any secondary customs sites outside the Outer Boundary?

No

1.10 Explain how your Freeport Outer Boundary represents a credible, coherent economic geography? Please provide clear rationale.

Our proposed Freeport Outer Boundary encompasses the defined economic area of the Manor Royal Business District in Crawley connected to Gatwick airport to the north, both falling within Crawley Borough Council. The boundary offers the benefits of a pre-existing, large scale industrial and commercial zone with integrated air, road and rail links. This brings advantages of readiness and pace to set up and deliver the Freeport, with a quicker return on investment.

The 240 hectare Manor Royal Business District was created as part of the Crawley New town Masterplan. It has evolved with the presence and growth of

Gatwick airport to the north, the Brighton Main Line railway and M23 to the east, and residential areas of Crawley to the west and south. To protect its large-scale industrial and commercial function from demand for residential development, Article 4 protection is in place in Manor Royal.

Although already a largely 'developed' footprint, a number of individual sites within Manor Royal are significantly underdeveloped. There are numerous examples of underutilised land, potential investment growth and the ability to increase the provision of jobs, as defined in the Freeport bidding prospectus. This is not a Freeport bid which requires Ministers to imagine how the land might be developed – the opportunity is to deepen and to accelerate the existing high value businesses which are based there.

This opportunity arises because Manor Royal Business District is in need of renewal if it is to truly compete within 21st century, international UK trading relationships. This is as a result of various factors, including shifts over time away from office and industrial and toward warehousing and logistics, which are already and will continue to be accelerated by radical demand shifts brought about by the Coronavirus pandemic.

Manor Royal is of primary importance to the region. Significant pressure in the wider area for industrial units, and a failure to add sufficient new capacity, mean that sites which previously hosted high value manufacturing are at risk of being used for lower value local distribution purposes. A Freeport at Manor Royal would provide the incentives to reverse this trend and to bring higher value activities back to the site; making sure that its critical role next to Gatwick is protected and enhanced.

There are a number of attractive additional sites beyond Manor Royal, in other parts of the wider economic area that have the potential to develop alongside Gatwick Airport outside of the outer boundary. These could form a phase 2 of this proposal.

1.11 Please provide rationale for the primary customs site and any subzones, including:

- What you expect each customs site to be used for?
- What outputs/benefits do you expect each site to generate?
- How do they relate to each other and the wider Freeport?

The Gatwick Freeport's primary customs site will be the World Cargo Centre, located within the airport boundary with both landside and airside access. The World Cargo Centre is the operational hub of import and export operations at the airport, handling in excess of 150,000 tonnes of goods every year. Comprised of 12 self-contained units, the Cargo Centre contains international expertise in the movement of freight and related activities.

The World Cargo Centre would be used largely in line with its existing operations, to be the hub of movement of goods in and out of the UK via airfreight. With the

streamlined import procedures provided by Freeport status, as well as the prospects of duty deferral and other tax and duty reliefs, we expect the World Cargo Centre to be able to significantly improve the efficiency and productivity of its operation. This will stimulate greater activity through the Centre and level up the cargo capabilities at Gatwick, which have already been rising significantly year on year.

With plans progressing to bring the airport's northern (standby) runway into regular use, independent of Freeport status Gatwick project cargo throughput is projected to double by 2038, reaching 300,000 tonnes per year. Added demand created by the Freeport will raise the upper limit further yet, enabling Gatwick to become not just one of the most efficient airports globally at transporting passengers, but cargo too.

The Gatwick Freeport customs subzone is an opportunity to create a coordinated, high-value logistics hub on Manor Royal. Comprising sites operated by national leaders in distribution and freight forwarding, the hub will operate symbiotically with the high value, high innovation businesses present within the Business District, consolidating import and export activities through Gatwick Airport.

A coordinated logistics cluster – operated by Manor Royal's freight forwarders ILG, Eezehaul, Transvalair, DHL, Howells and DF Warehouses – will drive supply chain streamlining, aiding the productive capacity of businesses through shorter wait times and improved processing speeds. The approach of transporting goods from south coast sea ports through the congested road network to Manor Royal businesses can be complimented and diversified – reducing congestion, carbon emissions and thereby assisting the UK's net zero ambitions.

Synchronising logistics activity upon Manor Royal towards high-value, innovative businesses will directly benefit our Freeport aim as a UK international hub of for advanced digital products and services. This in turn will help to prevent a current trend toward site development in Manor Royal for lower value, last mile distribution, likely to be further fuelled by COVID-19, that will detract from its proposition as a 21st century business district.

Our primary customs site and its subzone will form a multi-modal approach to the distribution of goods – leveraging the outstanding international connectivity Gatwick provides with the extensive domestic networks of our high-value logistics cluster.

1.12 Please set out how you will meet the minimum standard of security and infrastructure required in customs and tax sites before being able to operate as a Freeport, as referred to in the prospectus.

There is an extremely strong culture of compliance with security and infrastructure standards on our proposed Freeport site – which contains an existing international airport and an existing business park.

Operators and workers on both sites are used to operating within a specific security environment because of the threat-based operating environment in place at Gatwick airport and the commercially sensitive nature of a number of operators on Manor Royal. All issues covered in the question, from organised criminal activity to protective security, to personnel and all types of safeguarding are effectively covered and currently regulated by the relevant Government agencies.

The site is well known to Sussex Police, and mature patrolling and response provisions are in place to the range of threats that exist in relation to the operation of the airport and businesses at Manor Royal.

The site also benefits from a number of well-established and professional freight operators who have significant operational experience of working within different customs and tax sites, both at Gatwick and in other parts of the country.

If successful, we will be developing an effective system to ensure efficient and secure systems are in place to underpin the transit of goods through the Freeport. This work will be made easier by the fact that our proposed Freeport is compact, that it already has a mature road system, that operators are culturally aware of the importance of this work, and that there is strong commitment from all parties to deliver this to the highest possible standards.

- 1.13 Please provide clear economic rationale for the tax site, including: an explanation for the proposed location and why it represents good value for money, how tax measures will generate additional economic activity, how your proposed sites meet the criteria for being underdeveloped.

The Gatwick Freeport tax site offers the opportunity to fully realise the potential of high quality yet currently underutilised space to create a cluster of high value, innovative business spaces. Though currently underdeveloped, with the addition of the economic incentives provided by tax site designation, these locations can be repurposed and used to complement and build upon the advanced manufacturing base present within Manor Royal.

The tax site amounts to circa 20 hectares of land, within the overall 240 hectare Manor Royal Business District – 75% is land primed for development into high-value business space, with 25% existing space which tax incentives will transform from their currently underutilised status into productive sites occupied high-innovation businesses.

The attached map of the tax site shows these distinct parcels of land are together part of a coherent geography and possess an intrinsic economic linkage between them. Travel from the western and eastern-most takes a matter of minutes.

Plots F, G, H, I, J and L form the 25% of existing space which is currently not meeting its potential. The stimulative effects of the incentives upon these sites

will integrate them into the advanced manufacturing, innovation intensive portions of Manor Royal. Providing space to grow and the expansion of the clustering effects which drive the productivity of high-value businesses.

Plots M, N, O, P and Q constitutes the 75% of the tax site which is ready to be developed into entirely new space. Proposed development on these plots is almost entirely centred on manufacturing, industrial and distribution activity, therefore fostering an integration into the predominant uses that currently exist on Manor Royal. The development opportunities on these parcels of the tax site present the chance to further enhance the attractive of Manor Royal to anchor firms and international investment. The tax incentives will support the construction of well-designed spaces which contribute positively to the public realm improvements already underway.

Crawley has offered high productivity growth and high productivity per head in recent years. But this masks the levels of deprivation, particularly education, skills and training deprivation, within the town. The massive impact of COVID-19 on the local, aviation dependent economy and business activity poses a huge risk to future growth and productivity in Crawley and the region. Current levels of furlough or redundancy among the Crawley population are signs of potential employment crisis on a par with anywhere else in the UK.

The regeneration and the diversification of the Crawley economy, supported by the tax site and the presence of the Freeport in the town, will tackle this future challenge. The nature of constituent plots of the tax site within the area – with some fit for purpose premises, but which are underdeveloped in usage and productivity – means that benefits of the tax site in attracting businesses can be realised more quickly than an area were major site regeneration and development is needed.

1.14 How does the tax site's location mitigate displacement of local economic activity from deprived areas?

The Gatwick Freeport proposals, and tax site's location, are primarily designed to support the population of Crawley and stimulate the recovery and long term productivity of the Crawley economy (see also 2.2).

The Indices of Multiple Deprivation rank Crawley as considerably more deprived than the other five local authority areas surrounding Gatwick and Manor Royal – Horsham, Mid Sussex, Mole Valley, Reigate and Banstead, and Tandridge. Take up of all forms of income related support, since the start of the COVID-19 crisis, has been higher in Crawley than in these neighbouring five local authority areas and also the regional and national average, and unemployment is rising.

The tax site's purpose is to attract new businesses to locate within Manor Royal, to create high value, high growth employment clusters. This will attract and increase business (re)location and investment within Crawley, helping to stem

the dramatic decline in productivity and employment brought about by the pandemic and create a broader business base for future economic resilience.

The most immediate labour market for Manor Royal is in Crawley, however there are well evidenced barriers – low attainment and low aspiration – for the local population to access higher paid jobs in Manor Royal. As part of our Freeport proposals all partners are aligning a range of activities (such as the Careers Hub, comprising 35 schools and colleges from across Crawley, Mid Sussex and East Surrey) to ensure necessary skills pathways for local residents to be able to compete in the local labour market.

Although the focus for existing high value, high growth businesses is in Manor Royal, there is network of similar, large scale businesses in the wider area. Economic development at Manor Royal will benefit residents elsewhere who are hit by the decline of employment in Crawley. There have been some notable recent examples of companies leaving the area, as large corporates have restructured their UK operations.

The purpose of the Freeport proposal at Manor Royal is to reinforce the strategic role of the business park as a centre for agglomeration of high value innovative businesses, building on the existing clusters. The potential for agglomeration will be reinforced by the creation of the Innovation Centre and Institute of Technology in the town, as well as the future growth and success of Gatwick Airport.

The global connectivity of the site will attract investment from overseas, and the strategic location of Crawley in relation to London will help the town to reinforce its strategic status within the South East. We anticipate that stimulation of economic activity in Manor Royal would also stimulate activity in the wider sub-region: jobs in Crawley are traditionally accessed by residents across Sussex and Surrey.

PART 2: Detailed information

2 Criteria A, B and C: Ability to deliver against the objectives

2.1 Please supply a diagram of a logic model which gives an overview of the links between the activities and inputs, outputs, outcomes and impact of your proposed Freeport model.

Guidance: Innovate UK5, DFID 20116, DfT 20107, ODPM 20048

See Annex 2.

2.2 Referring to the logic model, please explain how your Freeport proposal will meet the objectives of the policy and achieve the desired outcomes listed in this prospectus?

As part of your answer, please cover:

- Why a Freeport is the right public intervention for your proposed location, including any local economic strengths or strategies that your proposal will

build on and any identified economic needs or market failures you expect to remedy

- How the outputs you expect your Freeport proposal to generate will support or enable the key outcomes associated with this objective

Note - your answers to 1.10, 1.11, 1.12, 1.13 and 1.14 above will all be considered as part of the assessment of this answer in addition to this answer. You do not need to repeat information from those questions in this answer.

Summary of opportunity

The Gatwick Freeport, encompassing the Manor Royal Business District in Crawley, will reboot an economy which:

- Is a national centre for high value, high innovation businesses specialising in advanced manufacturing, medical technology and simulation – and has the **potential** to scale up quickly.
- Contains an established 240 hectare business park with excellent road and rail links, and offers the **space** to develop high value, high innovation businesses.
- Offers direct flights around the world with an established freight network to bring materials, high value components, engineering knowledge, trade and **inward investment** into the UK
- Supports a local economy which has suffered more acutely than any other from the economic impacts of COVID-19 and is at risk of ‘**levelling down**’ the region.

The economy of Crawley and the towns around Gatwick needs to be renewed and reinvigorated if it is to truly live up to its potential.

The opportunity presented by Manor Royal to the UK’s future trading capacity is perfect – one of the largest Business Districts in the South East, directly adjacent to Gatwick Airport, the busiest single runway airport in the world. 15 million people in the south east can access Gatwick airport by road or rail within 60 minutes.

The Business District already has a strong cluster of high tech, high innovation businesses such as Thales, LG, Elektro and Varian Medical, and is the national centre for flight simulation. It has the capacity and location to forge much stronger specialist sectoral clusters, attracted by the trading opportunities and incentives of a Freeport.

The area’s economy has been devastated by COVID-19. Gatwick airport traffic declined by 78.2% in 2020. A disproportionately high percentage of the Crawley workforce (51%) is either furloughed, economically inactive or claiming work related benefits, with similar challenges in other towns across Sussex and Surrey.

Parallel initiatives including a Town Deal bid for Crawley, a request for funds to support a new Institute of Technology to transform higher level technical training in STEM subjects, and funding from the Getting Building Fund to develop an Innovation Centre on Manor Royal specialising in digital innovation, cyber security, transportation and clean energy technologies, all show the ambition and focus of local partners.

Freeport status at Manor Royal would directly boost the UK economy and drive Crawley's recovery. It would support new forms of high value, high growth employment, accelerate the recovery of the aviation sector, avert the real risk of long-term, mass unemployment and recover lost productivity estimated to be in the region of £2.5 billion, thereby securing the future prosperity of the regional economy.

Additional sites close to the airport offer even greater potential to scale our core Freeport proposal, and would further minimise displacement of economic activity. We would be keen to discuss this further with Government.

Government Freeport Objectives

Criterion A: Establishing national hubs for global trade

International scale

Gatwick airport grew its passenger volume before the Coronavirus pandemic by an average of 12% every year since 2011/12, the fastest growing major airport in the UK. The airport contributed £5.3 billion to UK GDP with 24,000 people employed directly on the airport site and 85,000 UK jobs supported in total.

The Coronavirus pandemic caused a huge, overnight aviation industry contraction at Gatwick – the airport served just 10.1 million passengers in 2020 compared to nearly 47 million passengers in 2019. This is having a hugely adverse impact on the sector, leading directly to over 20,000 redundancies being announced by airlines, the airport and the sector supply chain.

Manor Royal Business District, immediately to the south of the airport, is an aviation, advanced manufacturing and logistics hub covering 240 hectares. It is home to over 600 businesses, providing 30,000 jobs – 40 per cent of Crawley's total employment and approximately 19 per cent of all jobs in the 'Gatwick Diamond' area.

Manor Royal's business clusters focus on avionics, cyber security, bio-medical instrumentation and advanced engineering solutions for the transportation, energy and power industries. It hosts long established, internationally renowned such as Thales, Elekta, CGG, L3 Harris, Doosan Babcock and Varian Medical. It is also the national centre for flight simulation.

Analysis of the Coronavirus pandemic has assessed Crawley to be the most exposed town or city in the UK, with over half of its jobs either in vulnerable or

very vulnerable sectors. In response to the pandemic, large corporate occupiers in Manor Royal are releasing surplus office floor space. The sector profile and job density is already changing, shifting increasingly toward logistics warehousing and 'last-mile' distribution centres, with the consequence that significant volumes of commercial office space stand to be lost. Freeport status will provide the market intervention that is necessary to attract high value investment and prevent a race to the bottom in the quality and value added of local jobs.

Our Freeport bid is an opportunity to create a renaissance in specialist manufacturing on this critical business site, and to drive exports via Gatwick. While there is clear market demand and opportunity for employment in distribution, fuelled by the pandemic, on its own the sector is unlikely to provide the volume of high value, high wage employment that Manor Royal can offer and is needed for future economic resilience.

Transport connectivity

15 million people can access Gatwick airport by road or rail within 60 minutes. A train from Gatwick to London takes 30 minutes, with services running every three minutes, and direct trains to 120 different stations. A £150 million upgrade to Gatwick Airport railway station (currently under construction) will deliver a new concourse for the UK's sixth busiest railway station outside London.

A £164 million M23 smart motorway upgrade of an 11 mile stretch from junctions 8 to 10 (completed in 2020), has enhanced the speed of road connectivity between Crawley and Gatwick Airport with the M25 motorway and the national road network. Local transport connectivity has been greatly improved thanks to investment from Metrobus, delivering a modern hydrogen/hybrid fuelled bus fleet using Crawley's guided bus network.

Global trade and investment

In 2017, £7.5 billion worth of goods were transported between the UK and overseas through Gatwick Airport, demonstrating the outward-facing profile of the regional economy. 70% of that trade was exports from the UK, worth £5.3 billion. Driving this are companies within Manor Royal and the wider economic area – the Gatwick Diamond – who are 1.5 times more likely to export than the national average. 60% of goods exported from Gatwick Diamond and 57% from the Coast to Capital LEP area travel to non-EU destinations, compared to a UK average of 51%. When including multiplier impacts, modelling by Oxford Economics suggest that trade activity centred on Gatwick Airport added £7.2 billion to UK GDP in 2017.

Looking to the future, new global connections at Gatwick will also create business opportunities for the national and regional economy. The airport's Draft Masterplan forecasts air cargo to grow from 150,000 to 300,000 in 2038, boosted by bringing into regular use Gatwick's northern (standby) runway.

Inward investment in Crawley and the wider economic area requires greater integration with the flourishing trade activity. Underperformance in attracting inward investment has been noticeable in recent years. From a peak of 51 inward investment projects in 2015/16, the LEP area saw a 41% reduction to 29 projects in 2018/19. This improved slightly in 2020, to 34 projects, but only 3 were targeted in the Gatwick and Crawley area.

The following Gatwick Freeport activities and outputs will deliver Government's stated measurable outcomes for Criterion A. Activities and outputs are inter-related with the other Freeport criteria.

Government Freeport outcome: Increased total trade throughput	
Proposed Freeport activities	Proposed Freeport outputs
Customs import/export incentives and tax relief on sites offered within Freeport [define offer once agreed]	Major growth in international trade volume in goods and services generated by the Freeport
	Development and delivery of new manufacturing capacity on Freeport tax/customs sites
	Uplift in volume of imports in parts and raw materials entering the Freeport on an inverted tariff basis

Government Freeport outcome: Increased investment within Freeport boundary	
Proposed Freeport activities	Proposed Freeport outputs
Develop new international trade links and opportunities at Manor Royal and Gatwick – examine potential for an inward investment service presence	Major uplift in inward investment and FDI in Manor Royal
DIT promotion of Gatwick Freeport status and joint work to develop a bid for a High Potential Opportunity (HPO) in Manor Royal	Major uplift in inward investment and FDI in Manor Royal
Create and deliver a Manor Royal Infrastructure Investment Programme for major infrastructure upgrades	Levers additional public and private investment in business and trade infrastructure within the Freeport

Criterion B: Regeneration and levelling up

In the years leading up to the Coronavirus pandemic, Crawley demonstrated its propensity for high economic growth, driven by Manor Royal and Gatwick. But residents of the town have tended not to benefit from its success, experiencing high inequality and very low levels of social mobility.

High growth and productivity

The Crawley economy grew by 23 per cent between 2013-2018, to reach almost £6bn GVA per annum, the fastest growth in West Sussex and one of the fastest in south east. Crawley's business base grew by 25 per cent between 2013 and 2018, well above the south east average and giving the second highest job density outside central London, with 101,000 jobs. At £45,000 per capita per annum, Crawley had the highest economic productivity per worker of any part of the Coast to Capital LEP area. The England average was £26,000.

High inequality and low aspiration

However, Crawley's community has suffered from some of the poorest social mobility in the country, ranking 304 out of 324 local authorities. A significant number of residents work in low paid employment in a town where average house prices are seven times higher than median annual resident earnings. Skills levels are much lower than the south east and national averages, with Crawley ranking 50 out of 317 local authority areas for education, skills and training deprivation.

Average wage levels for residents are markedly below in-commuters. This leads to other structural weaknesses in Crawley's economy. Private sector employers suffer skills shortages for high skilled jobs because they cannot recruit locally. Innovation output levels are low. There is no university presence to help up-skill and build aspiration in the local workforce. There is an over-reliance on aviation for employment, representing 18 per cent of jobs in Crawley – not including related ancillary hospitality and retail employment.

The town's higher skilled, higher value jobs tend to go to commuters from outside the area. Prior to the Coronavirus pandemic, 43,000 people commuted into Crawley each day – the highest net in-commute statistics (+24,000) of any local authority area in the south east.

Impact of Coronavirus

Crawley is expected to see a 42 per cent drop in overall economic output as a result of the COVID-19 crisis, which, would represent a loss of over £2.5 billion per annum – one of the worst affected towns in the country.

Crawley's community is hugely exposed to this drop in output, facing a significant threat of mass redundancies. 18 per cent of Crawley's workforce work in aviation with many thousands having already lost or in the process of losing their jobs.

The newly released Centre for Cities 2021 Outlook assessed Crawley to be in the top ten of towns and cities in the England in need of levelling up (compared to 43rd out of 63 towns prior to the pandemic).

Aviation and international travel will undoubtedly recover from the Coronavirus pandemic, but it is predicted that this is likely to take up to 5 years. The sector is also becoming increasingly less reliant on labour intensive activity, with the move toward automation, reducing job volumes on an incremental basis.

In order to create greater economic resilience and bring about truly inclusive growth prosperity in Crawley, higher value, higher skilled jobs must be created, across a broader sectoral base, and with targeted pathways for local residents into directly relevant education or training and apprenticeships.

Ambition and collaboration

Following Crawley's inclusion in the Government's Towns Fund, designed to level up regions, the **Crawley Town Investment Plan Submission** highlights the full range of priority projects that will help the town meet its full potential and attract more investment. The priority themes – urban regeneration, skills and enterprise infrastructure, and connectivity – are highly complementary to those of Freeports.

Build Back Stronger, Smarter and Greener was published by Coast to Capital LEP following work toward a Local Industrial Strategy and in response to the economic impacts of the Coronavirus pandemic. It presents a compelling case for greater economic diversity and resilience in Crawley and the surrounding area, including projects to stimulate long term investment in inclusive and sustainable growth.

The **Manor Royal Business Improvement District (BID)** was created in June 2013 following a vote by businesses and subsequently renewed by another vote in 2018. Its Business Plan, 2018-23 sets out four objectives with funded deliverables to enhance the quality of the business environment in the BID. A new **Manor Royal Infrastructure Investment Programme** would be created to support Freeport delivery, with five main priority areas:

1. Sustainable connectivity
2. Digital connectivity
3. Green infrastructure – i.e. parks and energy
4. Transformative business amenity
5. State of the art Innovation assets

The following Gatwick Freeport activities and outputs will deliver Government's stated measurable outcomes for Criterion B. Activities and outputs are inter-related with the other Freeport criteria.

Government Freeport outcome: Increased employment and wages in deprived areas near Freeport	
Proposed Freeport activities	Proposed Freeport outputs
<p>Delivery of key skills initiatives:</p> <ul style="list-style-type: none"> • Institute of Technology bid and sector focus (if successful) • Crawley Innovation Centre • 'Invest in skills' Crawley programme • Skills 360° Board's Skills Action Plan, reflecting businesses' skills priorities in the region <p>The Skills 360° Board is the employment and skills board for the Coast to Capital LEP area.</p>	<p>Direct increase in educations, skills and training take-up and qualifications in Crawley (Level 3 and Level 4)</p>

Freeport outcome: Increased economic activity	
Proposed Freeport activities	Proposed Freeport outputs
Re-investment of retained business rates in Manor Royal Infrastructure Investment Programme and in other interventions to stimulate economic activity	<p>c.1,000,000 sq ft square metres of new commercial space</p> <p>c10,000 direct new jobs in Manor Royal (25% uplift)</p> <p>Generating a further 20,000-30,000 jobs indirectly</p> <p>Major uplift increase in Manor Royal's business base and economic output</p>
<p>Investment in public realm upgrades:</p> <ul style="list-style-type: none"> • green infrastructure (green space, renewable energy generation) • full fibre digital and 5G infrastructure • sustainable transport infrastructure (rapid bus transit, EV charging and parking, new active travel routes) 	Manor Royal Investment Programme to be rolled out as part of Freeport delivery
Investment in specialist business innovation and high-growth advice services, linked to Crawley Innovation Centre	Development of SME ecosystem across Manor Royal, with the Crawley Innovation Centre at its heart

Criterion C: Creating hotbeds of innovation

There is a strong case for diversification of the labour market away from an over-reliance on the airport, and there are clear sector specialisms on which to build, clustered largely in Manor Royal – aerospace, advanced engineering and

manufacturing. Yet funding for R&D in these specialisms are way below average, despite the presence of Gatwick.

For total R&D spend, Coast to Capital is ranked 22 out of 38 LEP areas, and gross expenditure (GERD) per person is £206, much lower than the national average of £500. Coast to Capital is ranked even lower for Research Council UK funding in higher education. Solent LEP (£67 million UKRI funding), which has a similar university presence to Coast to Capital (£12.9 million), receives over five times the amount of funding.

To address this, the principal intervention is for an Innovation Centre in Crawley, led by Thales, a global specialist in advanced technology systems, in partnership with Coast to Capital LEP, Crawley Borough Council and other businesses. £8.6 million Getting Building Fund has been secured for this aspirational project which would attract further investment and innovators into the region, enabling new ideas to be brought to the international market.

The Crawley Innovation Centre (the FUSION Centre) would create a unique environment within which SMEs can innovate and scale. It would leverage value from diversity in the local economy and stimulate new growth and innovation in new high-value technologies. It would stimulate pre-competitive R&D co-operation with university teams, attracting academic, post-graduate and post-doctoral research

Three specialist themes have been initially identified for the Crawley Innovation Centre, with direct input from leading business – **digitisation and cyber security; transportation and mobility; and clean energy and power**. These reflect a combination of industry specialisms within Manor Royal, within the wider Coast to Capital geography; and areas of growth potential more broadly (as identified within the UK Industrial Strategy).

The following Gatwick Freeport activities and outputs will deliver Government's stated measurable outcomes for Criterion C. Activities and outputs are inter-related with the other Freeport criteria.

Government Freeport outcome: Increased innovation investment	
Proposed Freeport activities	Proposed Freeport outputs
Delivery of new Crawley Innovation Centre as a unique environment for sector specialist SME to collaborate with large business and academia, secure funding and scale	Dramatically increased innovation funding, spend and activity between business and academia in the identified sector specialisms in Manor Royal and the wider economic area
Investment in technological product development and prototyping facilities within the Innovation Centre and in businesses in Manor Royal and the wider economic area	

Government Freeport outcome: Increased productivity	
Proposed Freeport activities	Proposed Freeport outputs
Enhanced innovation funding, spend and activity driven by the presence of the Innovation Centre and wider innovation networks across Manor Royal	Increase in business competitiveness and boost overall economic productivity in Manor Royal, Crawley and the wider economic area
Apply business innovation from the Innovation Centre, other businesses and decarbonisation academy plans to increase business productivity and sustainability	Increased competitiveness and productivity of businesses including transportation technologies, digital connectivity and clean energy provision.

3. Criterion D: Deliverability of proposal effectively at pace

3.1 Describe how the local authority will create an appropriate planning environment to ensure the quick and efficient delivery of the Freeport proposal, including delivery of key investment proposals within this bid?

The Council's Local Planning Authority has already taken pro-active steps to safeguard Manor Royal's employment land capacity because of its critical importance to the broader sub-region's economic productivity and output and to business and jobs growth. It has done this by processing Article 4 directions to protect Manor Royal for employment use and to preserve its fantastic potential for economic growth.

To facilitate delivery of the major investment associated with the Freeport proposals within this bid, the Local Planning Authority will seek to progress the introduction and implementation of Local Development Orders (LDOs), as part of the first phases of the Freeport implementation plan. This will help secure future development to attract high value, advanced manufacturing (B2) activity bringing high value jobs and economic dynamism (see 4.3 and 4.4) back to the town.

This approach would streamline and facilitate planning consent more quickly in such a way as to facilitate the expansion of storage, distribution, logistics and manufacturing business and facilities associated with the Freeport through broadening permitted development. Combined with the tax, customs and other incentives, this will play a key role in attracting business investment and boosting economic productivity and growth.

The Local Development Orders are envisaged to enable the following:

- Minor works to existing premises which facilitate the expansion of employment floor space quantum for business and jobs growth;
- Introduction of green energy and energy efficiency infrastructure to existing commercial premises to progress net zero carbon goals and BREEAM excellence.

- Development of additional commercial space on existing employment sites up to a maximum quantum (e.g. 1,200 square metres / 1,500 square metres).
- Change of use to B2 manufacturing.

Development and adoption of LDOs would be subject to planning process.

3.2 Please outline the minimum viable version of your investment proposal, including costs, the sources of funding that will meet those costs (for any borrowing please identify who will undertake the borrowing), and the expected outputs/benefits. Please show how you will make use of retained business rates.

See Annex 3a.

Please briefly state the expected outputs/benefits of your minimum viable proposal

This minimum investment will yield the following intermediate target outputs:

- Major growth in international trade
- New manufacturing capacity on tax/customs sites
- Volume of imports entering the Freeport on an inverted tariff basis
- Major uplift in inward investment and FDI
- Additional public and private investment leveraged
- 1,000,000 sq ft of new commercial space
- 10,000 direct new jobs in Manor Royal (25% uplift)
- 20,000-30,000 "indirect" jobs
- Major uplift in business base / economic output
- Manor Royal Investment Programme delivered
- Dramatically increased innovation funding, spend and activity
- Increase economic productivity in Freeport and wider economic area
- Increased business competitiveness

3.3 Please outline your preferred investment proposal, including costs, the sources of funding that will meet those costs, (for any borrowing please identify who will undertake the borrowing) and the expected outputs/benefits. Please show how you will make use of retained business rates.

See Annex 3b.

Please briefly state the expected outputs/benefits of your preferred viable proposal

This minimum investment will yield the following target outputs:

- Major growth in international trade
- New manufacturing capacity on tax/customs sites
- Volume of imports entering the Freeport on an inverted tariff basis

- Major uplift in inward investment and FDI
- Additional public and private investment leveraged
- 1,000,000 sq ft square metres of new commercial space
- 10,000 direct new jobs in Manor Royal (25% uplift)
- 20,000-30,000 “indirect” jobs
- Major uplift in business base / economic output
- Manor Royal Investment Programme delivered
- Dramatically increased innovation funding, spend and activity
- Increase economic productivity in Freeport and wider economic area
- Increased business competitiveness

3.4 Please provide evidence of the commercial demand for the relevant outputs under your proposal.

Manor Royal is one of the UK’s largest mixed-use business parks that benefits from an opportunity to re-purpose available commercial property and land to build a high-value cluster using the existing business base and available expertise.

Early engagement with companies involved in overseas trade demonstrates significant support for Freeport status that would be a powerful stimulant to growth allowing the area to diversify, become more economically resilient and increase productivity.

Vacancy rates are higher than usual due to the impacts of Coronavirus. Commercial property trends in Manor Royal indicate an appetite to move away from office space towards an increased concentration on manufacturing, industrial and distribution type activities. Feedback from expert property agencies show a number of suitable vacant buildings that could immediately be re-purposed, which are reflected in our tax site proposals.

Additionally, there are a number of key development sites that amount to between 30-40 acres. Conversations with developers demonstrates broad support for the benefit Freeport status would bring by encouraging development and attracting tenants of higher value than might otherwise be possible.

Job posting evidence shows consistent levels of activity in the high-value sectors, but not enough to offset the devastating impacts on employment in more vulnerable sectors, to which Crawley is over-exposed (see Centre for Cities Report) threatening the long-term prosperity of the town. This supports the credible case for using Freeport status to stimulate development and job creation in more resilient growth-orientated sectors thereby averting long term mass unemployment in Crawley.

3.5 Please tell us how you are modelling future income from locally retained business rate growth and how you will apportion it (of particular importance if your tax site crosses multiple local authorities).

The Freeport zone is located within a single business rates “collecting authority” area – Crawley Borough Council. The table below provides an overview of the total business rates value volume in Manor Royal since 2015:

Business Rates Volume in the Manor Royal Freeport Zone:

Year	Total Manor Royal Business Rates Value
2015	£24,942,502
2016	£25,949,364
2017	£27,791,643
2018	£30,365,195
2019	£32,155,561
2020	£27,417,682*

*Factors in C-19 business rates relief.

To account for short term fluctuations, due to business rates re-evaluations and also to factor in the likely drop in business rates volume as a consequence of the economic crisis, it is proposed that the business rates volume “baseline” figure for the Freeport is calculated in the following way:

- 1) By calculating the mean business rates value over the period 2015-2020
= **£28,103,658**
- 2) By deducting 1% for collection loss (based on the latest data from “National non-domestic rates collected by local authorities England – Revised 28 Oct 2020”.
= **£27,822,621**

This figure would be updated and adjusted accordingly should the commencement of the Freeport be delayed.

We propose a Manor Royal Executive Board, including government representation, to assess total business rates within the Freeport annually, based on the previous year’s figures. This value would then be sent to Crawley Borough Council’s Collecting Authority for evaluation, in conjunction with government, to determine the volume to be retained by the Freeport.

3.6 Please set out how you would make use of the innovation levers, including:

- ambition and initial ideas for how innovation funding could be delivered as part of your Freeports proposals, including any industry commitment to invest in innovative activity or the testing of new technologies in Freeports
- plans to work with academic institutions and link into existing innovation structures where appropriate to establish Freeports as collaboration hubs
- how you would look to take advantage of the Freeports Regulatory Engagement Network

We have described (in 2.2.) a lack of innovation funding within the Coast to Capital LEP area compared to similar LEP areas, a lack of a university presence within or connected to R&D activity within Manor Royal, and fragmented identity and networks for innovation.

There is a strategic response to this amongst partners, who commit to increasing the amount of innovation activity at Manor Royal for the benefit of trade and the local community. Led from within the local business sector by Thales, and including other major manufacturing businesses, this group has been working specifically to establish a first innovation centre in Crawley. Branded the “FUSION centre” this would serve to deliver four (initial) investment objectives which have been identified as part of business case development:

- Investment Objective 1: a physical environment in which small businesses operate alongside larger organisations in activities linking to digitisation and cyber security; transportation and mobility; and clean energy and power
- Investment Objective 2: a new business environment within Manor Royal that will help transform a large but incoherent industrial area into a genuine industrial innovation district
- Investment Objective 3: a learning environment in which technical skills and knowhow are nurtured and deployed
- Investment Objective 4: stronger links across the wider innovation ecosystem across and beyond Coast to Capital

The Innovation Centre act will as a focal point to uplift collective innovation ambition and funding, coordinating multi-agency bids and helping to secure private match investment. This would include bids by SMEs who do not have the R&D expertise, capacity and resource of larger, international companies.

It will help to attract appropriate higher education (university) R&D interest and activity within Manor Royal, from the universities of Sussex, Brighton and Chichester, all of which are in the Coast to Capital LEP area, but also potentially further beyond and internationally. Jane Longmore, Vice Chancellor of the University of Chichester sits on Innovation Centre steering group.

Research by the Smart Specialisation Hub in 2019 found that R&D expenditure in the Coast to Capital LEP area is only 1.8% of GVA, placing Coast to Capital 31st out of 38 LEPs. The UK Industrial Strategy committed to increase in public and private R&D investment to 2.4% of UK GDP by 2027 and 3% in longer term. Our ambition would be to increase levels within Manor Royal to meet this ambition, thereby lifting the overall LEP regional performance.

We have begun dialogue with Innovate UK about the potential to do this, through the Catalyst South group of Southern LEPs. This relationship will allow us to showcase innovation ideas within the Gatwick Freeport and Manor Royal and to

access the most suitable funding mechanisms, against the government's innovation funding portfolio.

Existing areas of research specialism on Manor Royal, including defence, communications, medical and aviation technologies will offer potential to develop innovative approaches to project funding through increased trading and manufacturing presence on the Freeport.

As a Freeport, we would welcome the opportunity to work with relevant regulators through a "Freeport Regulation Engagement Network" (FREN), to achieve the core aims to improve engagement between innovative businesses and regulators, particularly the opportunity for greater flexibility and new regulatory sandboxes.

3.7 What considerations and mitigating actions will be taken into account for potential negative externalities (including the displacement of local economic activity from nearby deprived areas) affecting your site and/or the surrounding area resulting from the introduction of the Freeport? Reference your answer to 1.14 if appropriate.

We perceive that the risk of negative externalities is low, since Crawley already ranks as considerably more deprived than the five other local authority areas surrounding Gatwick Airport and Manor Royal.

The other towns around the proposed Freeport Outer Boundary traditionally contain large scale businesses and have histories as successful economic centres in their own right, although economies and labour markets and the benefits of the airport are all linked.

But there is a risk that the development of the Manor Royal Freeport impedes or slows the development of business parks in other towns in West Sussex or Surrey. A key mitigation for this will be the integration of opportunities in these towns to a developing Manor Royal. The region is developing strategic projects which will help to mitigate this, including the development of Inward Investment plans and mechanisms which will help to attract investment to other parks.

We have already flagged the potential for the Gatwick Freeport to expand to encompass other towns in the local area, and would be keen to discuss this further with Government.

3.8 Please describe how your Freeport proposal will support the delivery of the UK's Net Zero ambitions.

Our Freeport proposals will help drive UK Net Zero ambitions through reductions in carbon emissions, an increase in carbon offsetting and behaviour change across communities and industries.

Clean mobility and active travel

The Freeport will create additional investment in sustainable road, rail and cycle infrastructure across Manor Royal, further increasing active travel, modal shift

and improving connections to surrounding transport hubs and economic centres. The site already enjoys excellent public transport connectivity through proximity to Gatwick and Three Bridges railway stations. Local bus ridership is high, and expertise and innovation at Metrobus, who are moving toward zero-emission fleet by 2030, is expected to increase it further. Metrobus are close to introducing a hydrogen bus fleet in Crawley, an example of Hydrogen Sussex, a new cross-sector partnership to develop the hydrogen economy. Increased take-up of cycling and walking routes is expected as more local people access jobs at the Freeport.

Green aviation

Gatwick Airport delivered a 'Decade of Change' programme from 2010-2020, operating and developing Gatwick in a sustainable way, combining responsible environmental management with strong community programmes. By 2019 Gatwick airport had reduced its direct carbon emission by 60% since 2010 and was London's first accredited Carbon Neutral Airport. Ahead of its second 'Decade of Change' to 2030, which will be published this year, Gatwick has also publicly committed to reach net zero carbon for airport operations and for aircraft emissions by 2050. A £150 million upgrade to Gatwick Airport railway station, currently under construction, will deliver capacity for predicted passenger growth by rail into Gatwick and Manor Royal over the next 15 years.

Renewable energy and public realm

Manor Royal BID has partnered with West Sussex County Council and Crawley Borough Council to explore how businesses and landlords can collaborate to generate and share their own secure, affordable and low-carbon energy from renewable sources through a decentralised energy management company model (EMC). The Governance model is being drafted and the benefits of Freeport status would provide crucial incentives to invest in renewable technologies via the EMC, to make Manor Royal a model for other business parks in the UK and across Europe. The Manor Royal BID has also been instrumental in delivering public realm improvements and urban greening projects to improve the streetscape and the environment.

Enterprise

Manor Royal is home to leading innovators and disruptors in clean energy generation and adoption. Schneider Electric (ranked as the world's most sustainable business on the Global 100 index) work with global companies to identify technological solutions to improve their sustainability. Doosan have expertise in energy and fuel cell technology, Bramble Energy focus on zero carbon technologies (particularly by empowering the hydrogen economy) and CGG have world leading scientific and computing expertise which they are applying to solve environmental problems. Both the Go Ahead Group and RBS Clean Mobility unit has recently been exploring opportunities for further

enhancement of low carbon travel options at Manor Royal, as part of their wider work on the development of transport as a service.

3.9 Please explain how your proposals will ensure compliance with all applicable environmental regulations and standards.

The presence of Gatwick Airport within the Freeport brings with it an existing culture of competence and rigor in complying with strict environmental regulations and standards – both in terms of its own operations and the movement of bio-secure freight.

The airport's sustainability credentials are recognised among best practice in the industry. This expertise will be fully utilised to ensure that Gatwick Freeport is operated in adherence with the necessary regulations and standards, with oversight provided by the Freeport Governance Body.

Our wider, established cluster of freight operators in Manor Royal are also highly regulated, in terms of moving freight overseas. The international business base within the Business District, benefits from significant operational experience with regards to compliance with regulatory environments, both in the UK and overseas.

If successful, Gatwick Freeport will establish an effective system to monitor, evaluate and report as set out in the Bidding Prospectus compliance with all applicable regulations.

3.10 Please outline the expected impact of your proposal on people with protected characteristics, using statistics where possible.

Our proposals are expected to provide greater opportunities for higher paid work in Manor Royal, with targeted and connected skills pathways for local residents into those jobs.

Age

Crawley has a slightly higher proportion of 30-39 year olds compared to South East and England averages. However only 37% of 30-39 year olds are skilled to NVQ4 or above, compared to 50% in the South East and 49% in England. 13% of 18-24 year olds in Crawley were claiming out of work benefits in December 2020, compared to 7% for the South East and 9% for England.

Race

25% of the Crawley population is BAME, which is much higher than 9% for the South East and 14% for England, meaning their earnings, attainment and health are likely to be worse than for White people. Overall, Crawley residents in full-time employment earn £48 less per week compared to the South East average and £6 less per week compared to the England average.

Sex

Attainment levels are lower for men (aged 16-64) in Crawley, with 32% skilled to NVQ4 or above compared to 44% for women. However, women earn £136 less per week compared to men in full-time employment in Crawley, much higher than the England average of £83 less. Women in full-time employment also earn £65 less per week compared to the South East average and £49 compared to England.

3.11 Describe the governance arrangements for the delivery of the Freeport proposal.

A number of principal public and private sector organisations in the Gatwick and Crawley area have worked closely together to develop the Gatwick Freeport bid. These include, Gatwick Airport Ltd, Crawley Borough Council, West Sussex County Council, Manor Royal Business Improvement District (BID) and Coast to Capital Local Enterprise Partnership. Meetings were led by the Chair of the Coast to Capital LEP Board with the Senior Responsible Officer (SRO) role being shared by Chief Executives of both Coast to Capital LEP and Crawley Borough Council.

All of these organisations have formally supported the bid by letter and have committed to working as part of the Freeport Governance Body which are provided. In addition, a number of other private and public sector bodies have already provided letters of support to the Gatwick Freeport bid. These include Chichester College Group, Gatwick Diamond Business and Gatwick Diamond Initiative, the Federation of Small Business and two significant businesses – Elekta and Varian Medical Systems.

Future arrangements for the Freeport Governance Body would meet the “three core standards”, as set out in the Bidding Prospectus:

Effective structure

A Freeport Governance Body would be assembled with appropriate cross-sector representation from public, private and education sectors, as set out below. The Governance Body would be formally supported in its functions by a Freeport secretariat and coordinator (see 3.12).

Gatwick Freeport Governance Body proposed membership

- Chair and Vice Chair
- Gatwick airport (the port)
- Crawley Borough Council – Leader and Chief Executive (responsible for planning and business rate collection for the Freeport area)
- West Sussex County Council – Leader/Economy Cabinet Member and Executive Director for Place Services (transport authority for the Freeport area)
- Manor Royal Business Improvement District
- Coast to Capital Local Enterprise Partnership

- Customs site operator – representative of distributors/operators
- Tax and customs sites – representative of land owners
- SME business innovation representative
- Large business innovation representative (potential to also serve as a representative of the Crawley Innovation Centre)
- Education representative (FE/HE tbc)
- Non-executive representation from relevant business figures

The decision-making structure would preserve both the local authorities' constitutions and schemes of delegation and the Local Enterprise Partnership's assurance framework, to ensure full transparency and accountability in the operation of the Freeport, its decision making and spending of public money. An independent Chair with relevant senior professional experience will ensure meaningful accountability for the local authority in terms of the expenditure of public money.

Full Terms of Reference would be published for the Freeport Governance Body, and designed in order to achieve appropriate levels of transparency which respecting commercial sensitivity in line with relevant guidance from Government. The terms of reference will include provision on quorum, decision-making etc after full consideration by the committee.

Freeport Governance Body membership would be further developed during the Full Business Case phase and reflect the progress of other key initiatives that may have a bearing on membership.

Effective personnel

Individuals would be qualified, in a professional or elected capacity, to represent the named organisations and their own formal governance structures (council committees, boards, shareholders, levy payers) on the Freeport Governance Body. Names and positions and declarations of interest of all Governance Body members would be published.

The proposed Chair is David Joy, a Board Member of Coast to Capital LEP. David has recently retired as Chief Executive at LCR, where he was responsible for a joint venture between LCR and Lendlease created to develop the 4mn sq ft of primarily offices at The International Quarter, Stratford City, London.

The Freeport Governance Body will reflect a strong commitment to Equality, Diversity and Inclusion in line with best practice. This will reflect the importance of the project benefitting all members of our diverse and vibrant region through championing inclusion and reflecting the dynamic businesses and communities that we support. Diversity fosters growth and innovation and is integral to the delivery of this project.

Effective functions

The Freeport Governance Body would be responsible for overseeing the eight functions as described at 4.3.20 in the Freeport Bidding Prospectus.

We have noted the option for Freeport Governance Bodies to pursue incorporated governance structures, for large scale property development or land assembly. However, subject to further consideration at the Full Business Case stage, it does not initially seem pertinent to the Gatwick Freeport proposal, since the area is at the moment (and subject to further shocks of COVID-19) already in secure private ownership with development coming forward on key sites.

3.12 Please describe the management arrangements for the delivery of the Freeport proposal, this should including any key staffing appointments.

Manor Royal is a mature commercial entity with mature governance arrangements in place through the BID and the planning framework. The main challenge for the delivery of the Gatwick Freeport will be to resource a team which is able to work effectively with existing partners and benefit from both private and public sector expertise.

Secretariat and delivery functions would therefore be closely aligned to the operation of the Freeport committee delivered through a small team, making use of the seed funding available from Government in the first year. The team would lead the development of outline and full business case, with the oversight of the Freeport Governance Body and relevant professional and technical support from the member organisations where available. This would be sufficiently skilled and resourced to operate the client function for any specific research needed to support the bid.

The team would be aligned to the work of the LEP and Local Authority which provide joint SRO leadership to the project.

Once the Gatwick Freeport is established and generating business rate returns, these roles would be provided from Freeport revenue streams (see Investments table at 3.2/3.3). Central Freeport capacity will be aligned to that leading on other key economic regeneration initiatives, such as the Crawley Innovation Centre and Town Fund implementation.

3.13 Please provide a risk assessment of the barriers to implementation of your proposal.

Initial risks arising in relation to the Gatwick Freeport proposals are identified as follows:

- Continuation of the pandemic or its effects beyond vaccination will continue to affect growth and productivity in Manor Royal

- Extended delays in aviation sector recovery and flight levels returning to pre-pandemic levels, with impact on associated long haul and freight routes
- Freeport success is reliant on continued commercial success of the high value companies we are looking to promote and attract
- A limited growth in business rate uplift, caused by continued economic suppression, reduces revenue streams to invest in Freeport activity
- Breaches of security arrangements in the Freeport cause financial or reputational damage
- Inability to deliver on the measurable Freeport outcomes if forecasted risks occur
- Lack of political support for the proposal within the region

Our mitigation of these risks is based on the continued focus and collaboration of the group which has prepared this bid – professionals from relevant business sectors and the public sector who have a track record in delivery. The Coast to Capital LEP brings established trust and relations for all parties and a commitment to the strategic importance of Gatwick and Manor Royal.

Political support from all levels of local authorities, and from Henry Smith MP is clearly stated and unambiguous. The region is committed to working hard to deliver a hugely successful Freeport at pace.

3.14 Please describe your Monitoring and Evaluation plans.

As part of the revenue funding allocated to set up the Freeport Governance Body, a secretariat and coordinator for the Freeport would be appointed. The Freeport coordinator would be the main resource and point of contact responsible for implementing and overseeing arrangements for Freeport data collection.

The Data Collection Programme would collect the following data:

- business rates relief
- effectiveness of tax
- local economic displacement
- delivered outcomes

The Programme would also undertake periodic analysis of key economic and social metrics in the surrounding area to monitor local economic displacement. A range of metrics will be monitored to understand any displacement trends and forecast additional mitigating interventions. This monitoring would include our considerations set out under impacts on protected characteristics (3.10).

The Freeport secretariat/SRO would report on data monitoring to the Freeport Governance Body for consideration, including approval of any necessary mitigating interventions that are required.

Beyond the first year of seed funding for secretariat and coordinator roles, the Freeport Governance Body would consider how to fund these through future revenue generated by the Freeport.

All data findings and mitigations would be included in the annual formal report to MHCLG.

- 3.15 Please upload an Implementation Plan covering milestones, timelines, critical interdependencies, and sequencing.
This could take the form of a pictorial diagram, Gantt chart, timeline, flowchart or other graphical representation.

See Annex 4.

4. Criterion E: A high level of private sector involvement in the proposal

- 4.1 Please describe the main investments you will make to deliver the Freeport, including requests for Freeports seed capital, council borrowing, private investment and any other strategically aligned public investment made by the LEP, council or national government.

To facilitate the Freeport's effective day-to-day operation, our partnership will deliver key infrastructure improvements:

Enhanced Freeport Transport Intra-Connectivity

Transport investment to better connect within the complementary functions of the Freeport – customs zones; tax zones; development sites; Gatwick Airport etc. Funded by the Crawley Growth Programme (LEP), our programme will improve traffic flows at key arterial junctions with pedestrian / cyclist connectivity across the Freeport linking through to the Airport. The preferred investment level set out in section 3.3 unlocks a more comprehensive upgrade across the Freeport.

Manor Royal Innovation Centre Complex

Subject to business case, this "Getting Building Fund" and Town Investment Plan scheme creates the commercial space infrastructure to accommodate hi-tech micro-enterprises and "anchor" SMEs specialising in clean energy and transportation technologies, generating an "innovation hotbed", which will dovetail with the Freeport's manufacturing and global trade investment capacity.

Freeport Land Assembly and Site Remediation

Our "ask" for £17.5m of seed capital will invest in sites identified as customs, tax and development zones, making good infrastructure to attract business investment, contributing to site remediation required to enable the Freeport operation to be "fast tracked", combining with private business investment funds.

Site Environment Upgrades

A programme of urban public realm improvements in order to enhance the attractiveness of the business environment. Funded by the Crawley Town Investment Plan (pending approval) and by the Manor Royal BID, these include new green infrastructure, “pocket parks” and site landscaping enhancements, upgraded to the standard expected for a Business Park accommodating a Freeport.

4.2 Please detail any complimentary investments that have been secured over the past 5 years or are currently under consideration from external funders, that support the delivery of your proposal.

The case for the Gatwick Freeport is supported by a series of investments which demonstrate the opportunities of our proposal:

Gatwick Airport has recently confirmed its commitment to increase its passenger capacity to around 74 million passengers by the late 2030's, by bringing the existing northern runway into routine use for departures, subject to planning consent. This significant investment from the owners of the airport will increase the global connectivity of the site and further enhance opportunities for international trade.

Network Rail has committed £230m to the expansion of Gatwick station. This project, which will be completed in 2022, will further increase the connectivity of the Freeport. The new station will include improved connectivity to the Manor Royal estate through provision of new public realm and access.

Highways England has recently completed the upgrade of the M23 to be a smart motorway, ensuring that road connections to Crawley can benefit from the latest motorway technology and capacity. The Freeport is easily accessible by road.

Metrobus have are soon to launch a new fleet of hydrogen buses in Crawley, the first in the South of England. Based on the roll-out of new hydrogen capacity in the region, this new fleet offers the potential for significant additional public transport ridership in the town. Further investment in hydrogen fuelled fleet is planned and will encourage modal shift to reduce carbon emissions in Crawley.

West Sussex County Council, supported with Local Growth Fund by Coast to Capital LEP, are investing over £4m in a Converged Fibre Connectivity Programme, in the Gatwick Diamond region to create the next generation of Gigabit-capable, full fibre broadband as part of a wider programme across the county. This will help to create a 21st century business environment in West Sussex and has stimulated commercially led, private investment by Cityfibre of over £23 m in Crawley and Manor Royal.

Crawley's Town Investment Plan (TIP), part of the Towns Fund, will provide critical infrastructure investment to help kick start Crawley's recovery from the COVID-19 crisis. The TIP is currently being assessed by the government and

Crawley's programme Heads of Terms are expected to be announced shortly. The Investment Plan contains a range of regeneration and infrastructure schemes which directly complement the Freeport objectives.

Coast to Capital LEP, with Crawley Borough Council and Thales, is leading the development of an Innovation Centre on Manor Royal, using £8.6m from the Prime Minister's Getting Building Fund. This will support the growth of SMEs and a supply chain to major employers on Manor Royal, supporting the growth of future high tech innovative industries. The proposal also include future plans for the creation of follow on space to provide capacity for growth of technology led industry on Manor Royal.

Chichester College Group (CCG) is leading an Institute of Technology for the Coast to Capital LEP area, with a consortium of partners from business and the education sector, including CCG, the Universities of Sussex and Brighton and NESOT. The investment will create a new facility for higher level technical training in Crawley and focuses on key sectors of Engineering & Manufacturing Technologies, Information & Communication Technology and Construction, Planning & the Built Environment. This will support the development of skills and research within the local population, and provide further encouragement to innovative businesses to invest in the Freeport.

Homes England are developing plans for significant additional housing at the West of Ifield strategic development site on the edge of Crawley. This will provide the necessary social infrastructure to support the development of the local workforce, ensuring that people in Crawley can access a wider range of housing options.

These are some of the major investments which, along with other funding, highlight the wide range of support for the development of the town from local, regional and national partners. The Freeport bid will allow Crawley to capitalise on these investments to bring additional international investment into the town and provide the jobs and opportunities that are required to reinvigorate the economy.

4.3 Describe the primary types (including size and sector) of business:

- That are part of your bid
- That you will aim to attract

Businesses which are part of the bid

Manor Royal Business District has a range of highly innovative commercial specialisms, focused on avionics, cyber security, bio-medical instrumentation and advanced engineering solutions for the transportation, energy and power industries. Analysis done at the Coast to Capital LEP level evidences a similar list of specialisms within the region, and confirms that Manor Royal is the key regional driver for them.

Air transport

With organisations such as Gatwick airport, Virgin Atlantic and Boeing, this sector is 5 times more specialised compared to the national average and has 9,500 jobs.

Manufacturing of computer, electronic and optical products

This is the most specialised manufacturing sector, comprising of companies such as Thales and Varian Medical Systems. This sector is 2.5 times more specialised than the national average and has 7,000 jobs.

Manufacturing of medical and dental products

This is a more niche manufacturing specialism that is 1.2 times more specialised with 2,250 jobs and large companies such as Elekta.

Freeport status, along with tax and customs incentives, and the Crawley Innovation Centre, would help build a much stronger identity that in turn would attract national and international investment for expansion in these sectors. As well as the significant large employers there is significant scope to drive business clusters bringing more medium size and scaling businesses to Manor Royal.

Businesses which we aim to attract

As well as expanding the existing business base for these existing national specialisms, our Gatwick Freeport proposal aims is to attract even more businesses in other advanced engineering specialisms, with a focus on the sectors below. The appeal of new international identity and strong R&D and supply chain support within the Freeport will encourage new SME businesses to locate there and scale-up.

Clean energy

There is a small cluster of specialist energy consultancy companies in Manor Royal that would benefit from expanded infrastructure and resources. These companies are working to support net zero targets, companies such as, Schneider Electric, CGG ND Naked Energy.

Defence and security

Thales specialises in defence systems but Manor Royal would benefit from attracting other companies with other defence specialisms, such as cyber security and weapons research and development.

Manufacture of basic pharmaceutical products

To expand upon the existing medical manufacturing specialisms in Manor Royal, the Freeport would look to attract more pharmaceutical manufacturers. The area

is already 1.5 times more specialised and has 1,625 jobs elsewhere in the Coast to Capital area from well established companies like GSK.

Engineering and technical testing activities

There is a small cluster of engineering and technical companies that would benefit from Freeport investment to expand supply chain and skills. In Manor Royal, Thales has specialist engineering and technical services. Other centres exist nearby including Ceres Power (Horsham) and Ricardo (Shoreham).

Computer programming, consultancy and related activities

There are growing clusters of specialised digital sectors with gaming and software development around Manor Royal. This sector is 1.2 times more specialised than the national average with 3,500 jobs and award winning companies such as Creative Assembly.

4.4 Please choose from the following Sector list (SIC Codes) those business types:

- That are part of your bid
- That you will aim to attract.

Businesses that are part of your bid

SIC2 code	Sector description
C26	Manufacturing – electronic
C27	Manufacturing – electrical
C28	Manufacturing - machinery
C32	Manufacturing - medical
H49	Transportation
H51	Transportation
H52	Transportation
M71	Professional, scientific and technical
M74	Professional, scientific and technical
O84	Defence

Businesses that you will aim to attract

SIC2 code	Sector description
C21	Manufacturing - pharmaceuticals
C26	Manufacturing – electronic
C30	Manufacturing - transport
C32	Manufacturing - medical
H49	Transportation
J62	Information and communication – computer programming
M71	Professional, scientific and technical
M72	Professional, scientific and technical – scientific research and development
M74	Professional, scientific and technical
O84	Defence

4.5 Please outline what specific trade and investment support measures you feel would benefit a Freeport in your area, and any support needed from existing DIT services to deliver this.

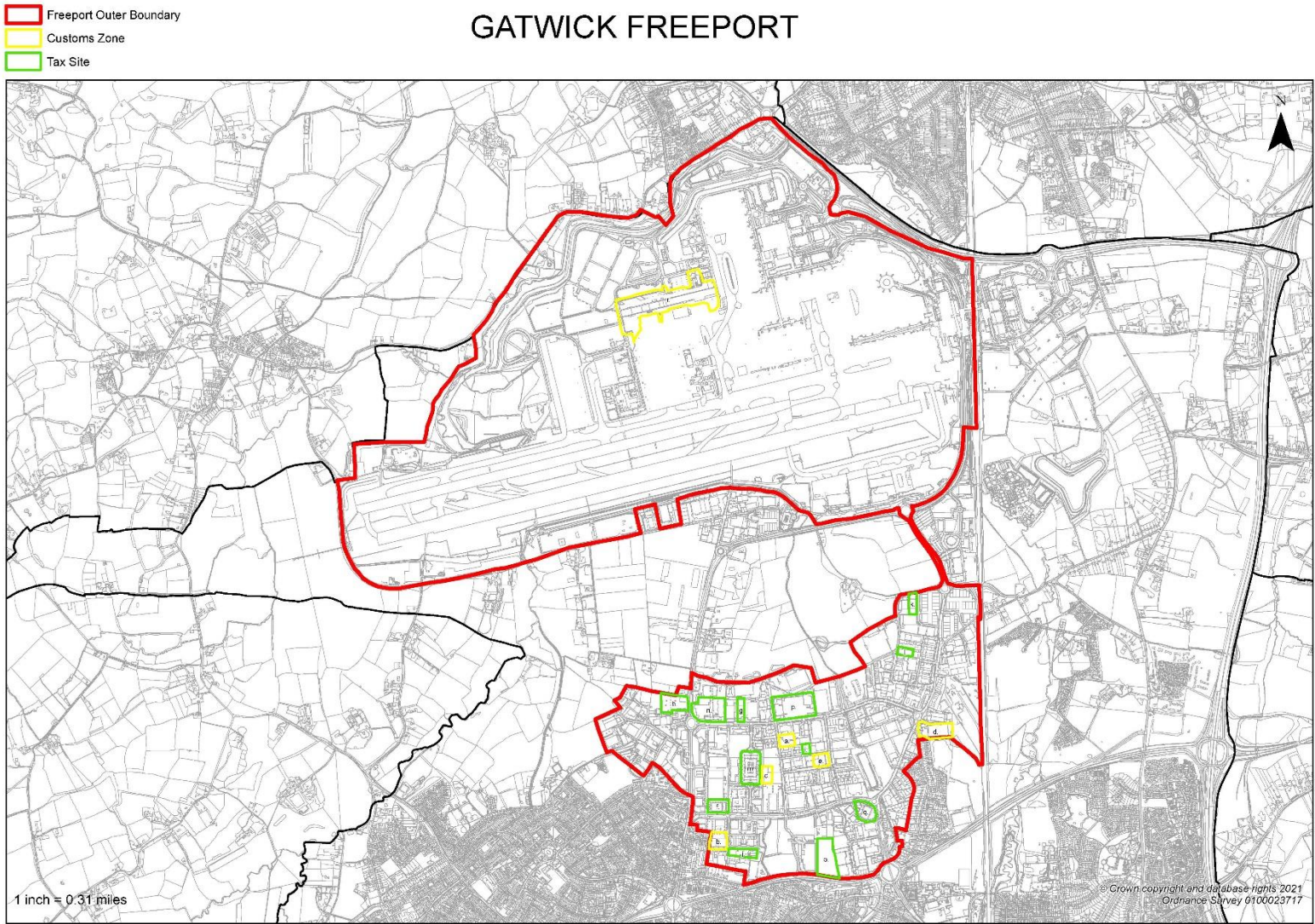
The Gatwick Freeport will build upon what is already a nationally significant port for trade, transporting £7.5 billion worth of goods between the UK and overseas in 2017. Transatlantic links are a particularly significant asset for the region.

The Gatwick Freeport should utilise the international name recognition the airport possesses to drive inward investment into the Manor Royal Business District. DIT's High Potential Opportunity programme offers an opportunity to do so – marketing the Freeport and the advanced manufacturing cluster present within it through overseas posts and targeting specific areas where there is the greatest potential for interest.

The region does not currently have an effective inward investment strategy and this is recognised by some partners who will be working with Coast to Capital LEP to develop and implement a strategy in 21/22.

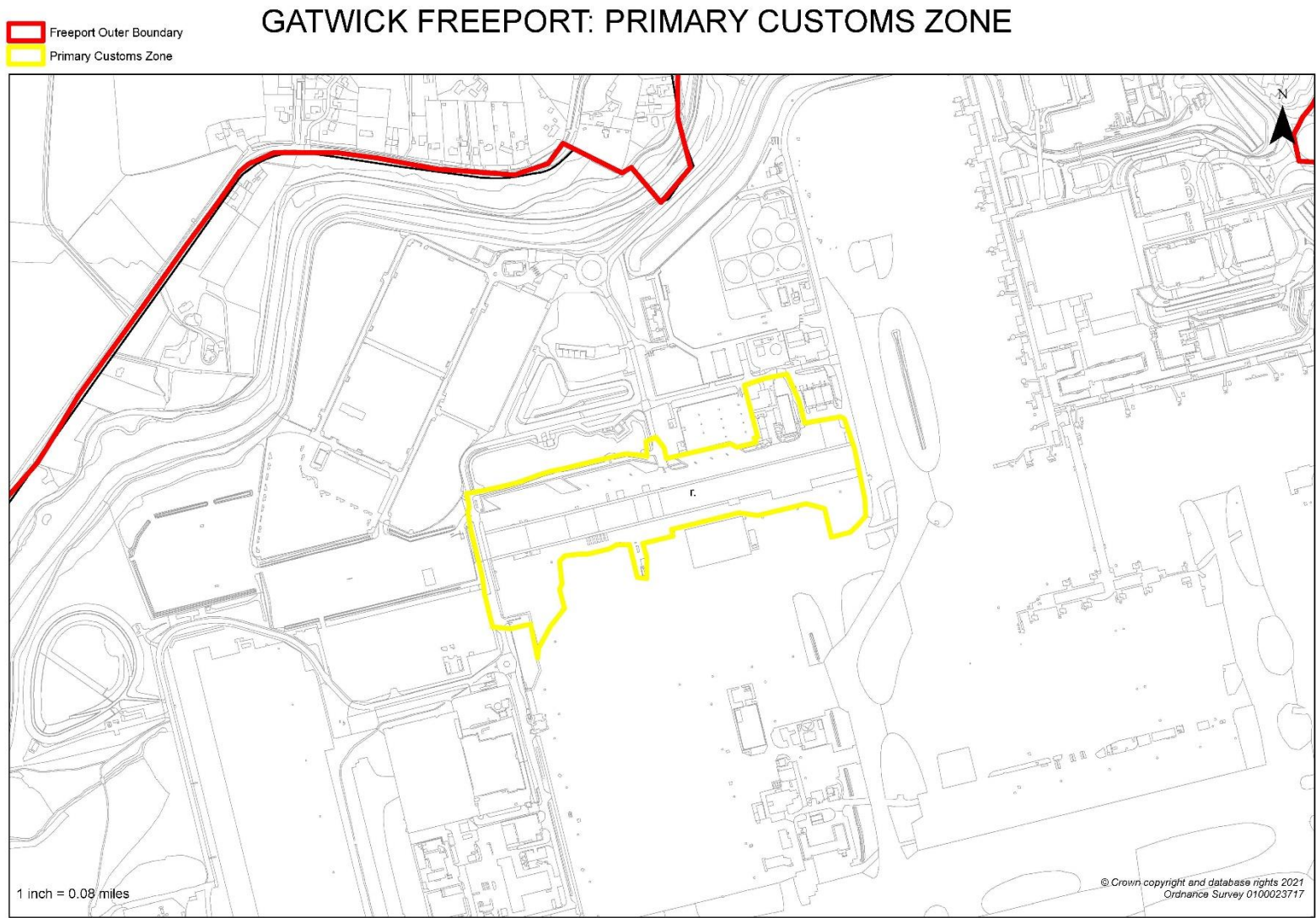
Business travel through the Airport also drives international business interactions – with deals struck and investments made. To this end, an inward investment desk at the Gatwick Freeport could provide an opportunity to boost the region's inward investment performance. Already a point of transit for 1.7 million business travellers a year (2017), an inward investment desk offering streamlined support for foreign direct investors and representatives of firms seeking support would support the Freeport's aims to establish a national hub for global trade and investment.

Annex 1a – Gatwick Freeport Bid: 1.3 Freeport outer boundary map

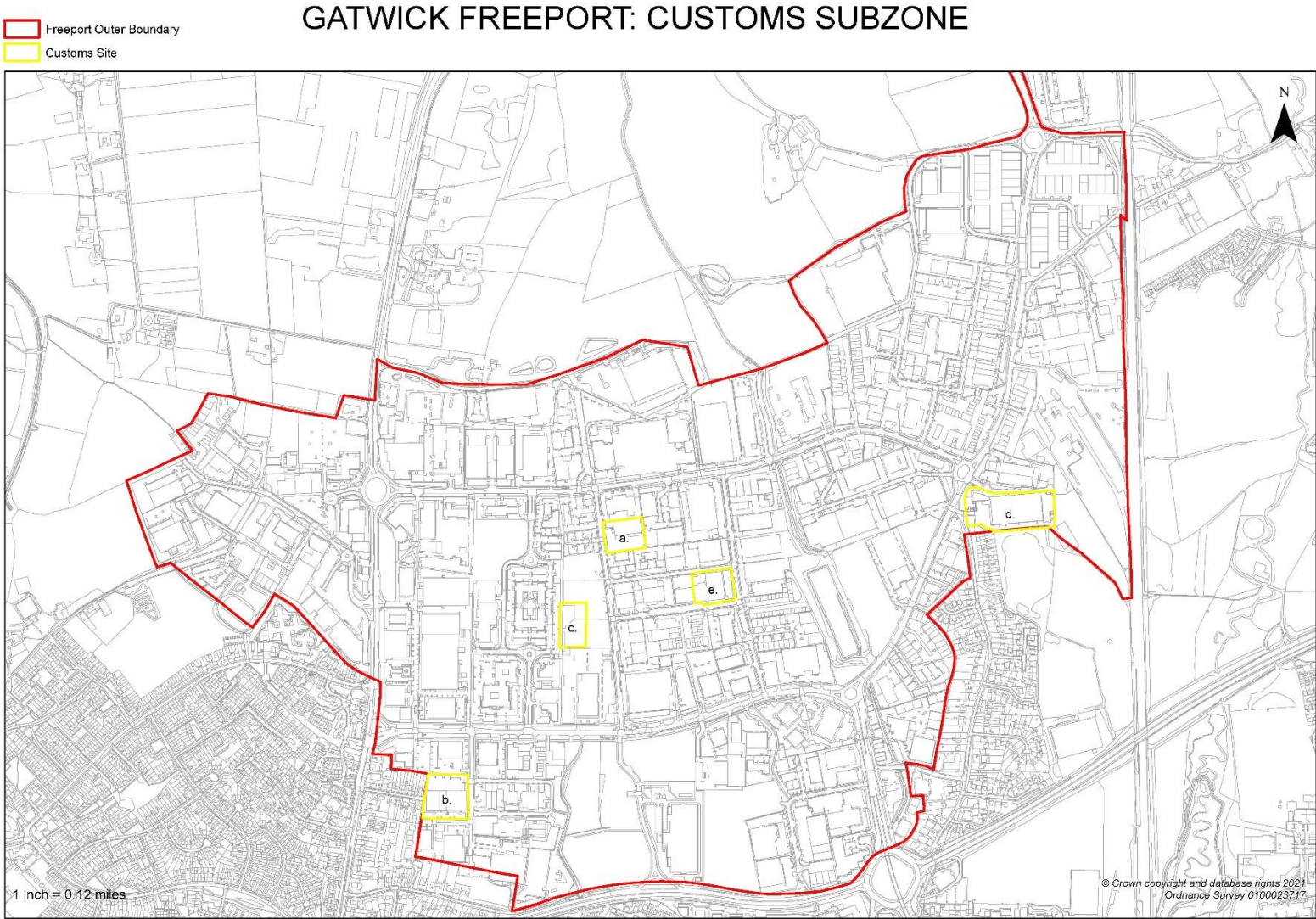


GATWICK FREEPORT

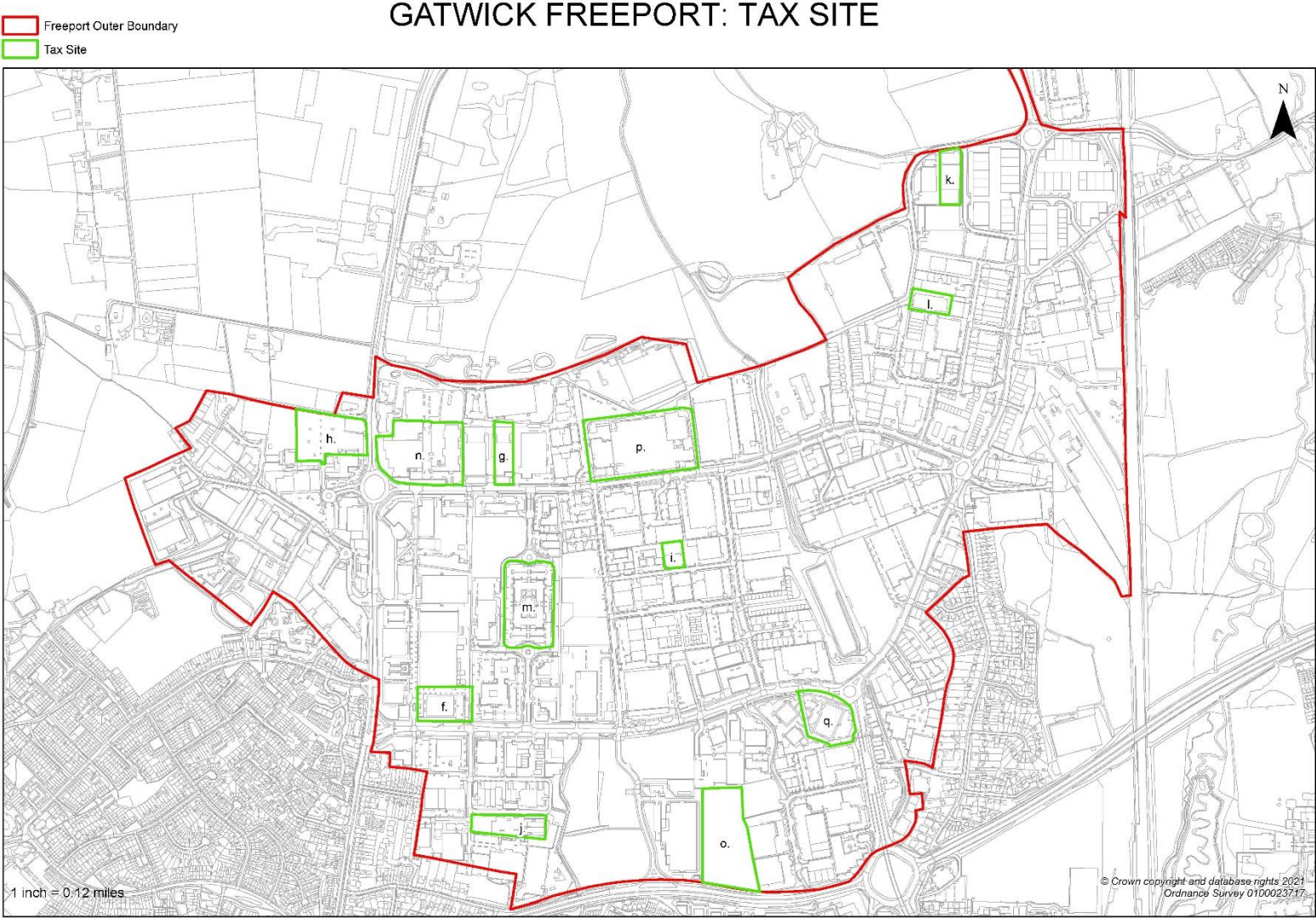
Annex 1b – Gatwick Freeport Bid: 1.3 Primary customs zone map



Annex 1c – Gatwick Freeport Bid: 1.3 Customs subzone map



Annex 1d – Gatwick Freeport Bid: 1.3 Tax site map



Annex 2 – Gatwick Freeport Bid: 2.1 Logic Model

Government objectives	Criterion A: Establish national hubs for global trade	Criterion B: Promote regeneration and job creation	Criterion C: Create hotbeds for innovation
Measurable outcomes	<ul style="list-style-type: none"> • Increase in total trade throughput • Increased investment within Freeport boundary, surrounding area and nationally 	<ul style="list-style-type: none"> • Increased employment and wages in deprived areas near Freeport • Increased economic activity 	<ul style="list-style-type: none"> • Increased innovation investment • Increased productivity
Proposed Freeport outputs	<ul style="list-style-type: none"> • Major growth in international trade volume in goods and services generated by the Freeport • Development and delivery of new manufacturing capacity on Freeport tax/customs sites • Uplift in volume of imports in parts and raw materials entering the Freeport • Major uplift in inward investment and FDI in Manor Royal • Major uplift in inward investment and FDI in Manor Royal • Manor Royal Infrastructure Investment Programme Levers additional public and private investment in business and trade infrastructure within the Freeport 	<ul style="list-style-type: none"> • Direct increase in educations, skills and training take-up and qualifications in Crawley (Level 3 and Level 4) • c.1,000,000 sq ft square metres of new commercial space • c10,000 direct new jobs in Manor Royal (25% uplift) • Generating a further 20,000-30,000 jobs indirectly • Major uplift increase in Manor Royal's business base and economic output • Manor Royal Infrastructure Investment Programme to be rolled out as part of Freeport delivery • Development of SME ecosystem across Manor Royal 	<ul style="list-style-type: none"> • Dramatically increased innovation funding, spend and activity in sector specialisms • Increase in business competitiveness and boost overall economic productivity in Manor Royal, Crawley and the wider economic area • Increased competitiveness and productivity of businesses, including transportation technologies, digital connectivity and clean energy provision.
Proposed Freeport activities	<ul style="list-style-type: none"> • Customs import/export incentives and tax relief on sites offered within Freeport • New international trade links and opportunities at Manor Royal and Gatwick • DIT promotion of Gatwick Freeport status (including HPO) • Create and deliver a Manor Royal Infrastructure Investment Programme for major infrastructure upgrades 	<ul style="list-style-type: none"> • Delivery of key skills initiatives (e.g. IOT, Innovation Centre, Skills Action Plan) • Re-investment of retained business rates in Manor Royal Infrastructure Investment Programme and in other interventions to stimulate economic activity • Investment in public realm upgrades (e.g. green infrastructure, full fibre digital and 5G infrastructure, sustainable transport infrastructure) • Investment in specialist business innovation and high-growth advice services 	<ul style="list-style-type: none"> • Delivery of new Crawley Innovation Centre as a unique environment for sector specialist businesses • Investment in technological product development and prototyping facilities within the Innovation Centre and in Manor Royal • Enhanced innovation funding, spend and activity driven by the presence of the Innovation Centre and wider innovation networks across Manor Royal • Apply business innovation from the Innovation Centre, other businesses and decarbonisation academy plans
Baseline	<ul style="list-style-type: none"> • Businesses in Gatwick Diamond are 1.5 times more likely to export than the national average • Only 3 inward investments projects targeted in Crawley area in 2020 • 10.1 million Gatwick Airport passengers in 2020 compared to nearly 47 million in 2019 • Higher level of vacant commercial space in Manor Royal as a consequence of the pandemic • Projected 42% reduction in economic output and productivity due to the pandemic 	<ul style="list-style-type: none"> • Crawley ranked 50 out of 317 local authorities for education and access to services/housing • Crawley ranked 304 out of 325 local authority areas for social mobility • Crawley residents earn £69 less per week compared to in-commuters to the area • Unemployment numbers in Crawley have trebled since the start of the pandemic • Historical low levels of business start ups • Current limitations in full fibre digital infrastructure 	<ul style="list-style-type: none"> • Coast to Capital is ranked 22 out of 38 LEP areas for total R&D spend • Current limitations in full fibre digital infrastructure

Annex 3a – Gatwick Freeport Bid: 3.2 Minimum Investment Proposal

GRAND TOTAL as set out in summary outline below: £43.6m

Cost description	Funding source	Responsible Partner	2021/22 (£000)	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)
Manor Royal Site Upgrades TOTAL:	Towns Fund MR BID	CBC / MR BID	£500,000 £500,000 £1,000,000	£750,000 £700,000 £1,450,000	£1,000,000 £700,000 £1,700,000	£1,250,000 £500,000 £1,750,000	£1,000,000 £500,000 £1,500,000
Manor Royal to Gatwick Airport Enhanced Transport Connectivity for Freeport Upgrades TOTAL:	Crawley Growth Programme (LGF) Towns Fund Site Developer contribution	WSCC / CBC / MR BID	£750,000 £100,000 £850,000	£2,000,000 £300,000 £600,000 £2,900,000	£750,000 £2,400,000 £600,000 £3,750,000		
Manor Royal Innovation Centre Complex – Transportation Tech & Clean Energy specialisms Upgrades TOTAL:	Getting Building Fund Towns Fund	LEP / CBC	£3,000,000 £3,000,000	£5,600,000 £500,000 £6,100,000	 £800,000 £800,000	 £650,000 £650,000	 £650,000 £650,000
Freeport Land Assembly and Site Remediation TOTAL:	Seed Capital Fund Business Rates Retention	Freeport Governance		£2,000,000 £2,000,000	£4,000,000 £4,000,000	£5,000,000 £5,000,000	£6,500,000 £6,500,000
GRAND TOTAL			£4,850,000	£12,450,000	£10,250,000	£7,400,000	£8,650,000

Annex 3b – Gatwick Freeport Bid: 3.3 Preferred Investment Proposal

GRAND TOTAL: £72.3 million as set out in summary outline below:

Cost description	Funding source	Responsible Partner	2021/22 (£000)	2022/23 (£000)	2023/24 (£000)	2024/25 (£000)	2025/26 (£000)
Manor Royal Site Upgrades	TBA Towns Fund MR BID	CBC / MR BID	£500,000 £500,000 £1,000,000	£750,000 £750,000 £700,000 £2,200,000	£1,000,000 £1,000,000 £700,000 £2,600,000	£1,250,000 £1,250,000 £500,000 £3,000,000	£1,000,000 £500,000 £2,000,000
TOTAL:							
Manor Royal to Gatwick Airport Enhanced Transport Connectivity for Freeport Upgrades	TBA Crawley Growth Programme (LGF) Towns Fund Site Developer contribution	WSCC / CBC / MR BID	£750,000 £100,000 £850,000	£3,200,000 £2,000,000 £300,000 £600,000 £6,100,000	£4,000,000 £750,000 £2,400,000 £600,000 £7,750,000	£9,000,000 £9,000,000	£9,000,000 £9,000,000
TOTAL:							
Manor Royal Innovation Centre Complex – Transportation Tech & Clean Energy specialisms	Getting Building Fund Towns Fund	LEP / CBC	£3,000,000 £3,000,000	£5,600,000 £500,000 £6,100,000	 £800,000 £800,000	 £650,000 £650,000	 £650,000 £650,000
TOTAL:							
Freeport Land Assembly and Site Remediation	Seed Capital Fund Business Rates Retention			£2,000,000 £2,000,000	£4,000,000 £4,000,000	£5,000,000 £5,000,000	£6,500,000 £6,500,000
TOTAL:							
GRAND TOTAL			£4,850,000	£16,400,000	£15,250,000	£17,650,000	£18,150,000

Annex 4 – Gatwick Freeport Bid: 3.15 Implementation Plan

PHASE 1 – SET UP June - August 2021		PHASE 2 – INITIATION September 2021 – March 2022		
<ul style="list-style-type: none">Set up Gatwick Freeport Governance Body (using revenue funding)Confirm legal status of Freeport Governance Body (if taking form of Special Purpose Vehicle)Begin development of Outline Business Case for regeneration fundingConfirm tax site boundaries with GovernmentBegin HMRC customs site authorisation process		<ul style="list-style-type: none">Value for Money assessment of Outline Business CaseAssurance of Full Business Case (either locally or with MHCLG)Section 31 grant of seed capital funding awarded to Crawley Borough Council for use within the Outer BoundaryPrepare detail of Manor Royal Investment ProgrammeComplete HMRC custom site authorisation and implement security arrangements for custom siteSetting up innovation function in line with progression of the Crawley 'FUSION' Innovation CentreAppoint Operational TeamLaunch Gatwick Freeport		
PHASE 3 – DELIVERY PLAN 2022 – 2027				
2021/22	2022/23	2023/24	2024/25	2025/26
<ul style="list-style-type: none">Freeport investment:<ul style="list-style-type: none">Manor Royal Site UpgradesManor Royal to Gatwick Airport Enhanced Transport Connectivity for Freeport UpgradesManor Royal Innovation Centre Complex (Transportation Tech & Clean Energy specialisms)Freeport Land Assembly and Site RemediationCrawley Town Deal agreed with GovernmentTarget date for Institute of Technology	<ul style="list-style-type: none">Freeport investment:<ul style="list-style-type: none">Manor Royal Site UpgradesManor Royal to Gatwick Airport Enhanced Transport Connectivity for Freeport UpgradesManor Royal Innovation Centre Complex (Transportation Tech & Clean Energy specialisms)Freeport Land Assembly and Site RemediationImplement Local Development OrderGatwick Railway Station upgrade completedCrawley Innovation Centre opensGatwick Airport Northern Runway planning application (timing tbc)	<ul style="list-style-type: none">Freeport investment:<ul style="list-style-type: none">Manor Royal Site UpgradesManor Royal to Gatwick Airport Enhanced Transport Connectivity for Freeport UpgradesManor Royal Innovation Centre Complex (Transportation Tech & Clean Energy specialisms)Freeport Land Assembly and Site Remediation	<ul style="list-style-type: none">Freeport investment:<ul style="list-style-type: none">Manor Royal Site UpgradesManor Royal to Gatwick Airport Enhanced Transport Connectivity for Freeport UpgradesManor Royal Innovation Centre Complex (Transportation Tech & Clean Energy specialisms)Freeport Land Assembly and Site Remediation	<ul style="list-style-type: none">Freeport investment:<ul style="list-style-type: none">Manor Royal Site UpgradesManor Royal to Gatwick Airport Enhanced Transport Connectivity for Freeport UpgradesManor Royal Innovation Centre Complex (Transportation Tech & Clean Energy specialisms)Freeport Land Assembly and Site Remediation
ONGOING ACTIVITY: Freeport Governance, Freeport promotion, Provide support to investors, Provide business and innovation support, Monitor data, Manage security risks				