

FREEPORTS CONSULTATION: BOOSTING TRADE, JOBS AND INVESTMENT ACROSS THE UK

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Submission of Evidence from the

Heseltine Institute for Public Policy, Practice and Place, University of Liverpool

Summary of consultation response

- Freeports may offer some potential for place-based regeneration that could provide possible benefits for areas such as Liverpool City Region.
- However, consideration must be given to ensuring economic activity is not simply displaced from elsewhere, and that the freeports align with the broader 'levelling up' agenda.
- Particular focus is required on how freeports may contribute to the post-Covid recovery in city-regions such as Liverpool, with consideration of how education and skills policy may improve the opportunities for local residents and mitigate job losses in other parts of the economy.
- Freeports must also contribute to the UK's role in reducing carbon emissions and other environmental impacts such as air quality. Any changes to planning controls within freeport zones must recognise their impact on surrounding areas, particularly in major port cities such as Liverpool.
- Combined authorities are well-placed to lead on the selection of freeport sites and submission of applications for freeport status, particularly where extensive work has already been undertaken in the development of a Local Industrial Strategy.

Context: The importance of ports and international trade to the Liverpool City Region

Liverpool is the only deep sea container port in Northern England and is one of the UK's top five container ports. Liverpool is a key international gateway for trade, and people, into the North West, North Wales and North of England. The Port of Liverpool, the UK's busiest Atlantic-facing port is a genuine international gateway to the UK.

Liverpool City Region's maritime sector directly supports 7,900 highly productive jobs and generates £650m in GVA with a wider economic impact of £1.7bn GVA annually. The existing ecosystem of maritime businesses currently generates £4.2bn to the City Region's economy. Shipping and ship-building making up its largest industry. Liverpool City Region is also home to a diverse range of world class maritime companies providing national and global expertise in the ports industry, marine engineering, leisure marine, and maritime financial and professional services. This importance has resulted in the recent establishment of a Maritime and Logistics Board by the Local Enterprise Partnership's Growth Platform, to provide valuable knowledge, insight and support co-ordination across partners.

Some 45% of North American container trade is handled via Liverpool. It facilitates a large amount of international trade, particularly with the US and Republic of Ireland. Building upon the Liverpool 2 container terminal assets, making the Liverpool City Region a global logistics hub will help rebalance the UK economy and relieve pressure on the congested London and South East. The majority of goods enter the UK through southern and eastern ports for historic and operational reasons, but this is inherently inefficient for the significant port traffic that must

then be transported by road or rail to the North and Midlands. Indeed, capitalising on the Port of Liverpool's location and catchments could aid the transfer of freight from road to sea and remove 200 million lorry miles per annum¹, with associated carbon and air quality benefits for the UK as a whole.

Liverpool City Region benefits from significant freight and logistics assets in the form of storage and distribution facilities at key locations such as Knowsley Industrial Park, Haydock and Aintree. Strategic, multi-modal transfer facilities between road and rail at 3MG in Widnes, Garston in Liverpool, and Knowsley Industrial Park. The proposed Parkside Strategic Rail Freight Interchange near Network le Willows on the axis of west-east and north-south road and rail routes will facilitate the movement of containerised goods from the Liverpool City Region to other parts of the UK by rail. This will also support the increasing sustainability of freight transport by removing a significant number of Heavy Goods Vehicles from local roads.

The City Region is therefore well placed to handle the likely reorientation of UK trade following Brexit, with its ideal location on the UK West Coast, on the transatlantic trade route to North America and the via the Panama Canal to Australasia and the Far East.

Planning and regeneration

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

The widespread relaxation of planning regulations within freeports raises a number of risks. Particular attention is required to ensure any relaxation of planning controls within freeports does not result in displacement of economic activity from elsewhere. A review of area-based initiatives such as enterprise zones by the [What Works Centre for Local Economic Growth](#) found that displacement is common, particularly for economic activity close to the 'free' zone. However, these effects may be mitigated if freeport activity focuses on facilitating economic activity that is currently limited in scope in the areas in which freeports are developed, for example through the introduction of streamlined planning processes for particular industries such as renewable energy within freeport zones.

Any relaxation of planning regulations must also recognise the impact on local areas. Major infrastructure schemes have a potentially large impact on the communities in which they are situated. Levels of pollution, noise and traffic may rise as a result of the introduction of freeports. It is therefore crucial that any changes to planning regulations within freeports are agreed with local and combined authorities in line with the principles of devolution, to ensure local knowledge and expertise can facilitate policy design. Changes to planning regulations should also be aligned with local plans and, where applicable, combined authority spatial strategies.

Q29: What infrastructure could encourage increased business activity in a Freeport? Please support your response with evidence where possible.

Evidence from other forms of area-based imitative suggest transport connectivity is key to job creation. Evidence from the first round of Enterprise Zones in the 1980s and 1990s for example finds that [urban zones with good transport links grew the fastest](#), while non-urban

¹ <https://www.businesscloud.co.uk/news/peel-ports-starts-second-phase-of-liverpool2-expansion>

zones with poor connectivity performed less well. It is therefore crucial that any proposed freeports are aligned with broader infrastructure priorities identified by the National Infrastructure Commission. Particular attention is required on how Northern Powerhouse Rail/High Speed North can help improve the exporting environment in city-regions such as LCR, by:

- Improving rail freight capacity, taking cargo off busy local roads and onto the rail network
- Ensuring employees are able to travel where possible by rail and other forms of public transport to any proposed freeport
- Linking freeport regeneration opportunities to already existing schemes around proposed HS2 and NPR/HSN stations

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

Local transport infrastructure is key to ensuring residents in areas such as Liverpool City Region are able to access the possible opportunities that freeports may provide. In light of the UK's commitment to reducing carbon emissions in line with the Paris Agreement, and with public health aspirations to increase levels of active travel, particular focus should go to ensuring freeports are properly connected by foot and cycle.

The LCR combined authority and metro mayor [have established a strategy](#) aimed at reducing the number of short journeys (under 3 miles) that are taken by car, highlighting 31 key routes across the city-region where improvements to cycling and walking facilities are required. Improvements to infrastructure around freeports must concentrate not only on freight but also facilitating these local movements. For longer journeys to and from freeports, buses will be key, and government should work with combined and local authorities, and with transport providers, to ensure the provisions of the Bus Services Act are utilised.

Selecting freeport locations

Q56: What factors do we need to consider to support different port modes becoming Freeports?

Selection of freeports must be carried out in a transparent and fair way to enable their benefits to be shared widely across the UK and contribute to the 'levelling up' agenda. We would encourage close dialogue with elected mayors, combined authorities and local authorities on site selection and policy design, particularly in those areas that will be affected by freeport proposals.

A key consideration will be the contribution freeports can make to reducing freight traffic within the UK. In 2018, Liverpool was the fourth largest handler of freight by tonnage in the UK. However, in terms of container traffic, Felixstowe handles 37% of all containers, and Dover handles 23% of roll-on, roll-off tonnage. There is therefore potential to rebalance the UK's port capacity, particularly in light of the exit from the European Union and the need to develop greater capacity at ports across the country. Alongside potential economic benefits, the rebalancing of port capacity also provides opportunities to reduce carbon emissions through lower road freight mileage.

Q57: Do you agree or disagree that a Freeport could include multiple ports? Please explain your answer.

There is little available evidence on the advantages or disadvantages of a freeport zone across multiple locations. However, the inclusion of multiple sites within freeport zones should be strongly aligned with local and regional industrial strengths and strategy. In Liverpool City Region for example there may be opportunities to promote the chemicals and pharmaceuticals industry by improving connectivity between its various focal points on the Wirral, in Halton and elsewhere across the City Region.

Combined authorities are best placed to lead on submission of multiple site applications due to their strategic oversight of the local economy. In Liverpool City Region extensive work has already been undertaken to develop a Local Industrial Strategy which should be utilised in the design of any freeport zones.

To support economic rebalancing, the core principles of the freeport policy must explicitly support the underlying aims of the Northern Powerhouse, including support for clusters of marine and maritime industries based around the port cities and towns of Northern of England. It remains unclear from the draft policy statement how this would be done in practice, or the weight attached to this critical issue in designating up to 10 freeport zones. In the event that the ensuing freeports become clustered around existing deep-sea ports and hubs in the south or east of the UK, this would be at odds with the government's aim of addressing regional economic inequalities and promoting balanced growth across the UK.

Governance

Q61: What are the advantages and/or disadvantages of asking Mayoral Combined Authorities/Combined Authorities where they exist, or Local Enterprise Partnerships and upper tier local authorities where they do not, to lead on submitting applications?

The establishment of combined authorities and metro mayors in recent years has provided strong strategic oversight and accountability for local economic policy decisions. We recommend therefore that combined authorities and metro mayors should where possible lead on submitting applications for freeports, and that these applications should be designed to align with and complement the emerging local industrial strategies.

Integration of other local stakeholders will be key, particularly Local Enterprise Partnerships and other partners in the private sector such as Chambers of Commerce. We support in principle the governance structure set out in the consultation document which would introduce a joint board led by the combined authority to oversee and deliver applications for freeport status.

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

In line with the principles of devolution, it is recommended that combined authorities lead on the selection of sites in line with local priorities and guided by government advice. In some cases, there may be benefits for the provision of multiple freeport locations within one combined authority area. These may be focused on, for example, support for particular industries where different parts of a city-region have specific strengths.

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

Due to the scale and local impact of port infrastructure, it is recommended that any applications for freeport status have close engagement with local and combined authorities. Direct applications from ports without involvement of local partners raises the potential for economic displacement, negative impacts on local business and residential areas, and lack of integration with broader economic objectives.

About the Heseltine Institute

The [Heseltine Institute](#) is an interdisciplinary public policy research institute which brings together academic expertise from across the University of Liverpool with policy-makers and practitioners to support the development of sustainable and inclusive cities and city regions.

The Institute has a particular focus on former industrial cities in the process of regeneration, such as the Liverpool City Region (LCR). Through high impact research and thought leadership, knowledge exchange, capacity building, and evidence based public policy, the Institute seeks to address key societal challenges and opportunities pertaining to three overarching themes: 21st Century Cities, Inclusive and Clean Growth, and Public Service Reform.

To this end, the Institute has disseminated substantive reports and research encompassing, among other subjects, the devolution agenda in England, the scale, scope and value of the regional social economy, strategies to tackle the climate and ecological crisis, and the creation of a “smart city” and “big (local) data” ecosystem in the LCR.