



The Rt Hon Rishi Sunak MP

Prime Minister

Prime Minister's Office

10 Downing Street

London

SW1A 2AA

22 February 2023

Ref PM/01/20/02/2023

Dear Rishi

R.e. Freeport Tax Incentives

The eight English Freeports will generate over £25bn in GVA, create over 80,000 jobs for local people in deprived areas and are helping to drive forward UK ambitions on innovation, technology and net zero.

Freeport consortia were expected to deliver at pace, and they have, but the backdrop against which they were planned has radically changed since you announced them as the Chancellor of the Exchequer in March 2021.

We write to ask you to realign our tax regime with the original policy intent and to consider how we can ensure any future investment zone policy benefits from the Freeport experience to date.

HM Government's target of completing the setup phase (i.e. approval of Freeports' OBC and FBC, as well as approval of proposed tax sites and custom sites) was November 2021. This would have allowed a five-year window of Freeport tax measures at tax sites between autumn 2021 and 2026.

The longer than anticipated approvals process is delaying the delivery of supporting infrastructure on our Tax Sites, sites that are by definition undeveloped. This means that the tax benefits are only now available for a very narrow window and our ability to retain business rates has been put back by over a year. These are key policy levers that taken together, place a significant constraint on the ability of our Freeports to capitalise on the opportunities for economic development by attracting end-users in complex, high-value added industries and sectors.

If investors are not certain of being able to complete projects in time to benefit from the tax breaks offered by Freeports there is an increasing risk that they will look elsewhere, potentially outside the UK. A reduction in the scale of business investment could seriously undermine the Freeport policy objective to create national hubs for trade and investment within the Freeport regions.

Extending the window that tax breaks can be claimed within will encourage businesses to continue to engage, lead to a greater proportion of Freeport Tax Site land becoming occupied and assist Freeports to attract new Foreign Direct Investment and high potential manufacturing businesses, boosting UK exports. As Freeports already have tax incentives in place until autumn 2026, this would be a low cost solution over the life time of this parliament, underpinned in the future through the predicted growth of the UK economy.


We understand Government is also reconsidering the shape of a future Investment Zone policy. All Freeports participated proactively in the previous process and are keen to see an effective policy that supports levelling up as well as positioning the UK as a global leader for innovation, science and technology. We would welcome the opportunity to discuss with Government how such a policy could be most effectively delivered.

We see that there could be valuable synergies to be gained whilst also wanting to support Government to avoid any dilution or adverse impacts on the Freeports programme. If Investment Zones are intended to have a strong emphasis on contributing to levelling-up and, to supporting innovation hubs to broaden the base of UK productivity and economic growth, then the existence of a Freeport in all English regions provides a valuable foundation for delivering the investment zone policy at pace.


We have chosen to write this letter collectively from all eight English Freeports. We continue to be excited by the opportunity Freeports presents to create investment, deliver high quality jobs and recycle investment into communities that otherwise risk being left behind by the shift away from a carbon focused economy.

Yours Respectfully,

East Midlands Freeport, centring on East Midlands Airport



Nora Senior CBE
Chair



Tom Newman – Taylor
Chief Executive Officer

Freeport East (Felixstowe and Harwich)

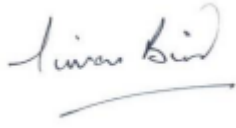


Mark Lemmon
Chair



Stephen Beel
Chief Executive

Humber Freeport

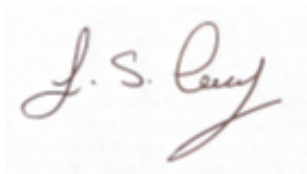


Simon Bird
Chair



David Gwynne
Interim Chief Executive

Liverpool City Region Freeport



John Lucy
Freeport Director

Plymouth and South Devon Freeport

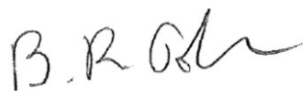


Jan Ward CBE
Chair



Richard May
Chief Executive Officer

Solent Freeport



Brian Johnson
Chair




Anne-Marie Mountifield
Freeport SRO

Thames Freeport



Rt Hon Ruth Kelly
Chair



Martin Whiteley
Chief Executive Officer

Teesside Freeport



Nolan Gray
Freeport Director

CC

- Rt Hon Jeremy Hunt MP, Chancellor of the Exchequer,
- Rt Hon Michael Gove MP, Secretary of State for Levelling Up, Housing and Communities and Minister for Intergovernmental Relations,