

Plymouth and South Devon Freezone

Brexit, Infrastructure and Legislative Change Overview
and Scrutiny Committee

Update

14 July 2021

Partnership with South Hams District, Devon County and Plymouth City Councils.



Vision

The Plymouth and South Devon Freezone will provide a **simplified commercial and regulatory** environment to **accelerate the clean growth** of our marine, defence, engineering and manufacturing sectors to provide the **high quality jobs** we need for the future.

It will:-

- Create a **public and private sector partnership** between national and local government, industry, the port of Plymouth and major local landowners.
- Build on our world class innovation assets to support **further innovation, research and testing**, attract new domestic and global investment and provide **supply chain opportunities** across the South West Region.
- Embed our commitment to tackle climate change, e.g. maritime **decarbonisation** and reducing the carbon impact of local commuting.
- Galvanise our efforts to **upskill our workforce** ensuring it benefits as many people as possible.
- It will drive economic **growth across the region** generating **thousands of news jobs** and provide a major uplift in public and private **investment** to build a more resilient, sustainable and productive economy.

Plymouth and South Devon Freezone

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Port of Plymouth (optimised)

- Millbay Harbour
- Cattewater Harbour

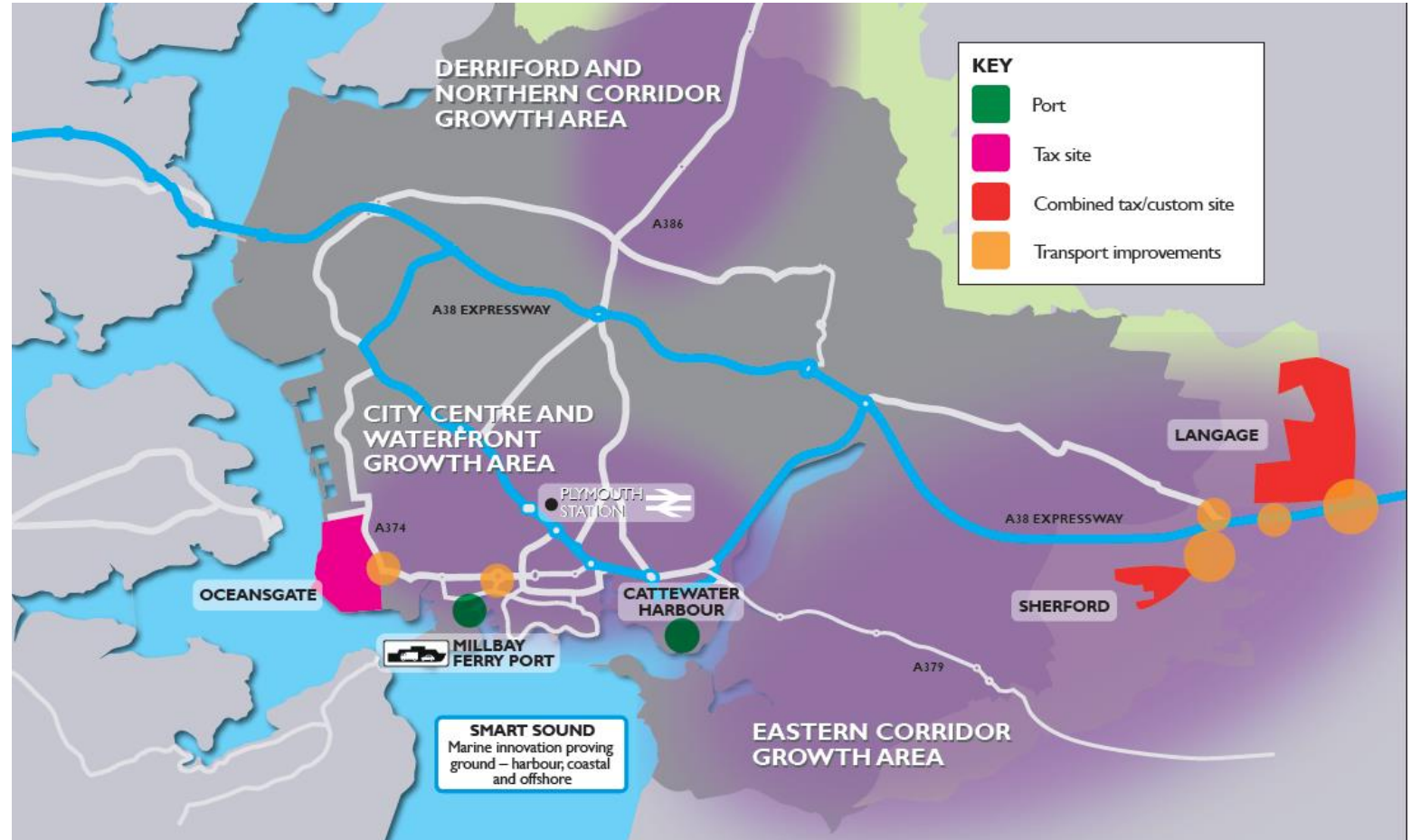
Proposed 'Custom' and 'Tax' sites

- South Yard (Oceansgate, PY, Babcock)
- Langage Energy Park
- Sherford New Employment Area

Innovation & Trialling Zones

- Oceansgate
- Turnchapel Wharf
- Smart Sound (with areas de-regulated)
- Millbay – Trinity Wharf (proposed)

Max 3 sites – each 20 ha minimum – undeveloped/ underutilised



Logical Chain – port – business – innovation - coherent economic geography
Clustering through Property Development – No Displacement – Incremental Investment and Jobs

Up to £50M **seed capital** for site preparation and transport links

Hotbed of Innovation

Example: Ocean Futures

A Maritime and Marine Innovation – Super Cluster for South West

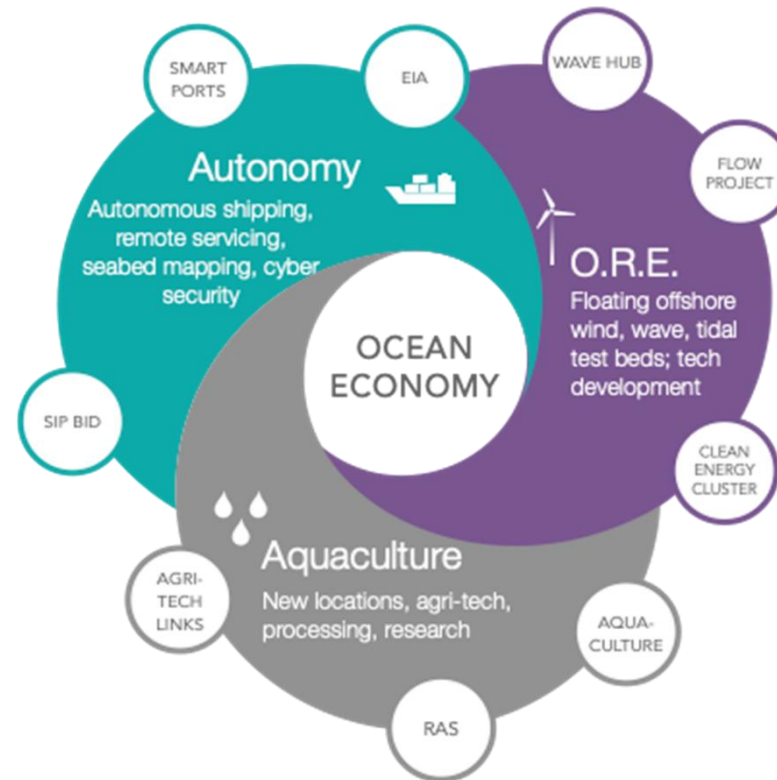
Core Propositions

- Assured Autonomy – Robotics/ Hydraulics/ Control
- Digital Ocean – synthetic simulations, AI, cyber
- Clean Propulsion - Net Zero Carbon

Target Markets

- Defence solutions
- Seabed Mapping
- Offshore Renewable Energy – smart logistics
- Smart Shipping, Ports and Intermodal Connectivity
- Marine Science
- Aquaculture
- Port operations and custom processes

Triple helix – yet led by industry.
Transformational capital and revenue projects.
Strong focus on JOBS



- Highlights the **uniqueness of Smart Sound** Plymouth for autonomy prototype trialling and first run manufacture
- Aligns 3 SW **High Potential Opportunities**

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FREN
Freeport Regulatory
Engagement Network

Other clusters
Defence, Space, Other

Tax Site Benefits

- **Stamp Duty Land Tax Relief (SDLT)** on land purchases (from April 2021 – March 2026)
- **Enhanced Structures and Buildings Allowance (SBA)** for firms constructing or renovating structures and buildings within the tax site. This accelerated relief is intended to allow firms to reduce their taxable profits by 10% of the cost of investment every year for ten years, compared with the standard 3% p.a. over 33 and a third years available nationwide.
- **Enhanced Capital Allowances** for companies investing in qualifying new plant and machinery assets. This accelerated relief is intended to allow firms to reduce their taxable profits by the full cost of the qualifying investment in the same tax period the cost was incurred.
- **Employer National Insurance Contributions (NICs) Rate Relief.** Employers would pay 0% employer NICs on salaries of new employees for up to 3 years/employee on earnings up to £25k/annum
- **Business Rates Relief** – 100% relief on new and certain businesses for up to 5 years. Partial relief will be available to existing businesses in Freeports that expand into new or additional property following redevelopment, providing the increase in rates bills attributable to these factors is reasonably ascertainable by the LA. Where the Freeport tax site is located within an existing Enterprise Zone (EZ) with business rates relief, businesses must choose between the EZ offer or the Freeport offer

Custom Site

Benefits

- Tariff benefits including duty suspension while the goods remain on site and duty inversion if the finished goods exiting the Freeport attract a lower tariff than their component parts
- Customs duty exemption on goods that are imported into a Freeport, processed into finished goods and subsequently re-exported (subject to the UK's Free Trade Agreements)
- Suspended VAT on goods entering the Freeport
- Simplified import procedures

We will provide a [Freezone Expert Consultation](#) service to help key businesses understand how they specifically can benefit from the Freezone. More to follow.

DRAFT Milestones

May/ June – mobilisation and initial central government guidance

Late June – Outline Business Case drafting starts

25 June – Wider Stakeholder – kick-start event – key inputs

July – Expert consultation and qualification process starts for investors/ businesses

July/ August – master planning of sites and transport links

August – confirm tax sites boundaries

Early Sept - Wider Stakeholder event – Update and Planning Feedback

Late Sept – Outline Business Case submitted

Oct – Full Business Case and early implementation components start

Autumn - Outline Business Case approved

Winter – Custom site authorised (to be confirmed)

Winter – Freezone Entity set-up (to be confirmed)

2022 – First plots released and development starts (more detail to follow)

During this planning process, we will engage with businesses wanting to set up new operations within the Freezone – we are keen for private sector engagement early in the process.

