

Solent Freeport

**Resources and
Transformation
Overview and Scrutiny
Panel**

September 2024

About Freeports

“Freeports are special areas within the UK’s borders where different economic regulations apply. By delivering investment on specific sites benefitting from tax and customs incentives, Freeports will create thousands of high-quality jobs in some of our most disadvantaged communities. These sites have been carefully selected for their suitability for development by local authorities and key private partners and sit within an outer boundary.”

Freeport Guidance – October 2021

Freeport Objectives:

- National hubs for global trade and investment
- Creating hotbeds for innovation
- Promoting regeneration and ensuring sustainable economic growth



Freeport – key tools

Tax Sites - Eligible businesses will have access tax reliefs including Business Rates, Stamp Duty, Employer National Insurance Contributions, and Building Allowance and Enhanced Capital Allowances (until 2026 originally, Nov 23 budget agreed to extend to 2032).

Business Rates Retention - The council area in which tax sites are located will retain 100% of business rates growth above an agreed baseline for 25 years allowing Councils to borrow and to invest in regeneration and infrastructure to support further growth.

Seed capital: Each Freeport will be granted up to £25m of seed capital funding, primarily to be used to address infrastructure gaps in tax and/or customs sites that are holding back investment.

Customs Sites: Businesses operating within Freeport customs sites will have access to simplified customs arrangements.



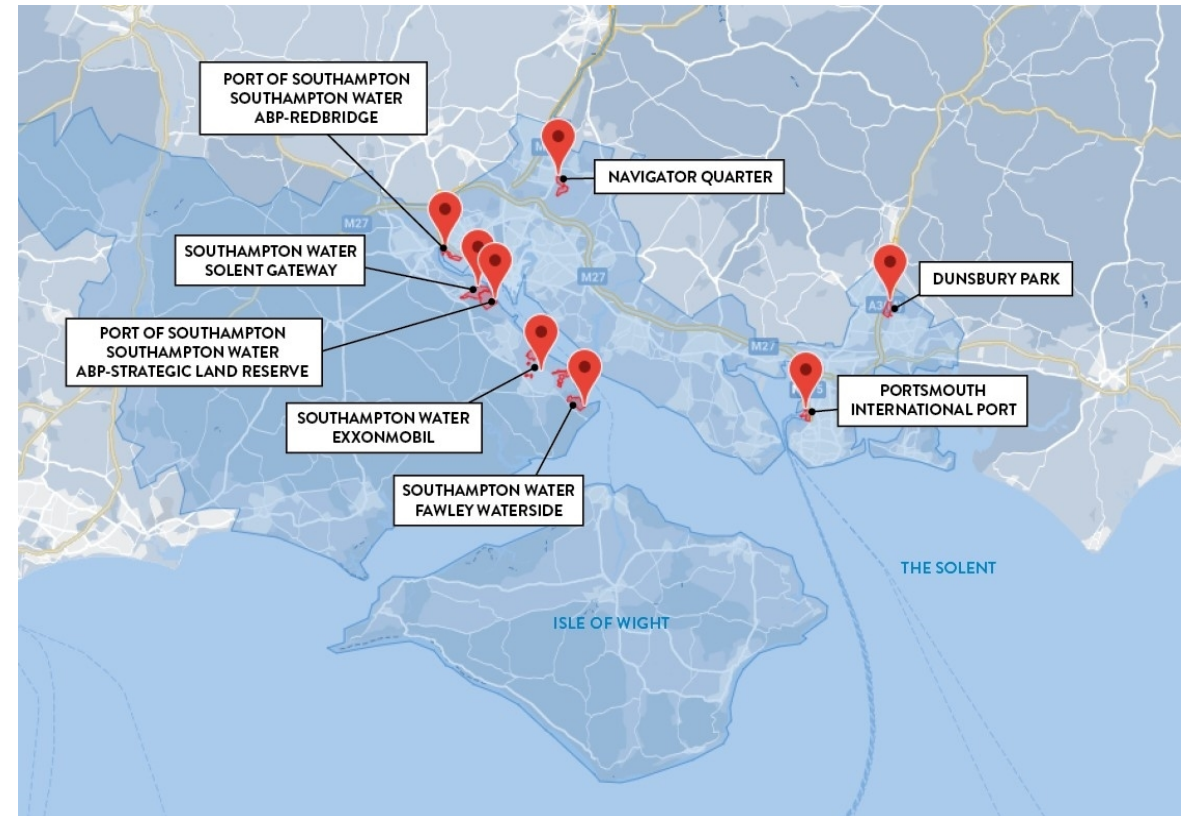
Southampton Water

Target Sectors

FBC vision – port centric manufacturing, green energy, logistics and automotive with ready access to national and global markets.

Port Capacity

Investment in New Forest tax sites will increase port capacity at Southampton by 40%.



Solent Tax sites, customs sites and seed capital

Southampton Water Tax Site

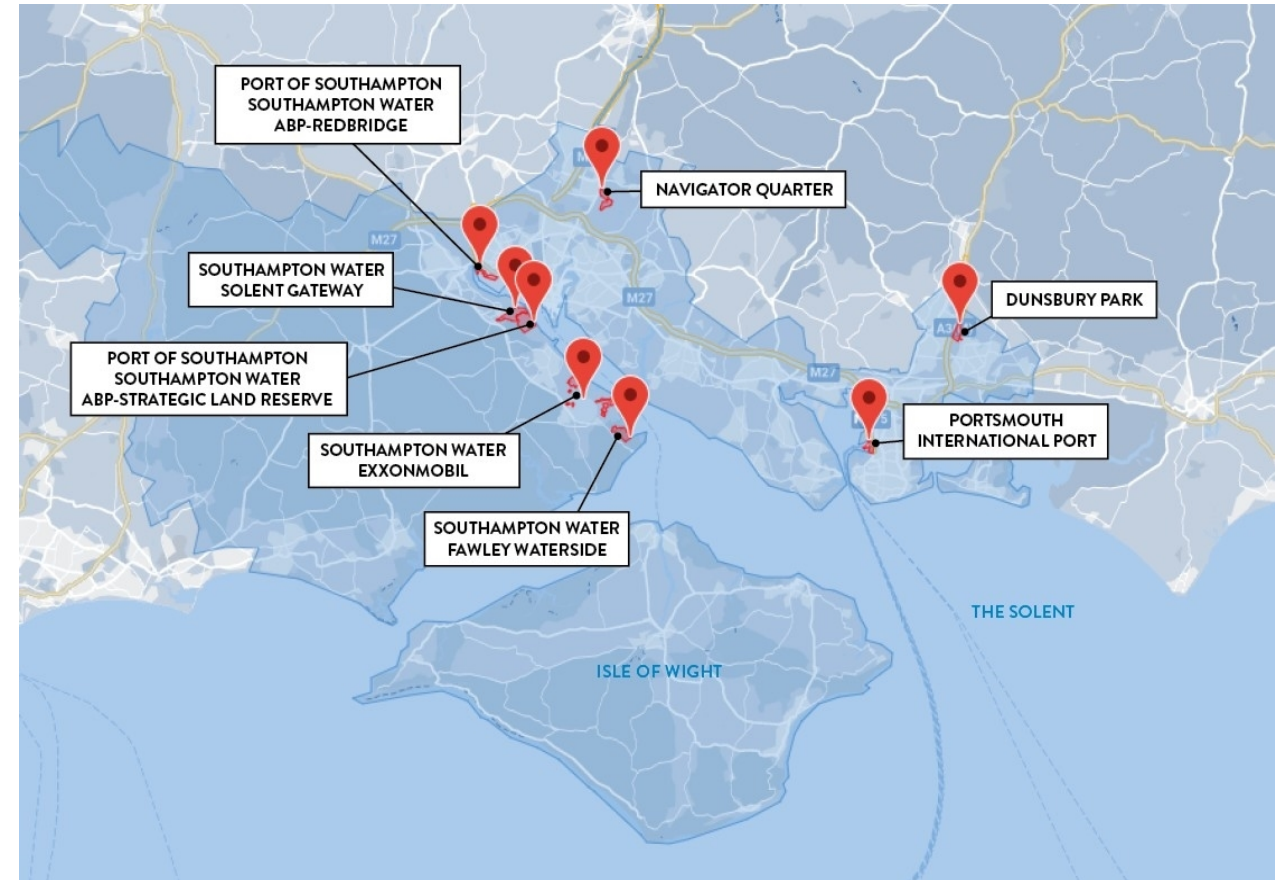
- Fawley Waterside
- The Fawley Complex – Exxon Mobil
- Solent Gateway/Marchwood Port (also a Customs site)
- ABP Strategic Land Reserve

Est. 16,000 new jobs – 7,000 created in NF (44%)

Est £511m retained business rates - £290m realised from NF sites (57%)

Of 430ha of developable land, 303 ha in NF (70%)

Tax site benefits extended to 2032.

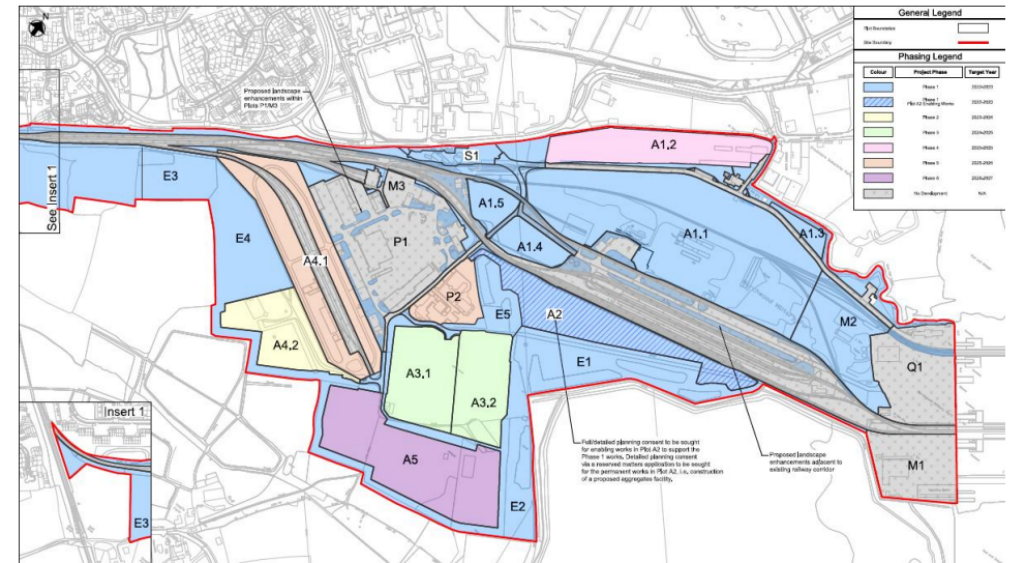


New Forest Tax Site Updates

Solent Gateway

- Planning permission is now in place
- First 21 acres of hard standing developed
- £4.4m of seed capital being spent
- Further 50 acres by April 2025
- Future Focus on :
 - Auto operations
 - RORO eg JCB and Caterpillar
 - Rail import
 - Rail Carriage Storage
 - Port focused manufacturing

Consented Development Summary



New Forest Tax Site Updates

ABP land reserve

- ABP have started to scope out proposals.
- Expected to be a National Strategic Infrastructure Project (NSIP)
- Next stages (indicative):
 - Options study/masterplan
 - Concept design
 - Development Consent Order (DCO) process kicked off – end of 2024
 - Two year timeframe to progress DCO
 - 12-18 month decision period
 - Decision in 2028/29
- Focus expected to be on automotive to free up space in Southampton for cruise and containers.



New Forest Tax Site Updates

Fawley Complex (Exxon)

Announced in November 2023 – low sulphur diesel facility and development of hydrogen plant. (£1b investment in the site).

New plant expected to be in use in Q1 2025.

Currently consulting on options for carbon capture pipeline.



New Forest Tax Site Updates

Fawley Waterside

Have withdrawn previous planning application because of concerns around viability.

Ongoing discussions with NFDC and Freeport.

£4.6m of seed capital unspent



Seed capital

- All Freeports were given £25m of capital funding to help unlock growth.
- Funds must be spent by March 2026.
- Current concern about underspend.
- Recent call for projects:
 - Must be capital expenditure – the creation, acquisition or enhancement of an asset.
 - Must deliver Freeport outputs – jobs, skills innovation, added GVA



Use of retained business rates

Retained business rates – pooled across the region. Use of funding determined by the Solent Freeport Retained Rates Investment Committee

Theme	Indicative Funding Share
Skills	15%
Net Zero	7.5%
Hotbeds of Innovation	7.5%
Regen and Enabling Activity	60%
Local Investment Priorities	10%



Freeport business rate retention – 5 year forecast

Forecast Retained Rate Receipts						
Tax Site	2023/24 Actual	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	2028/29 Forecast
Dunsbury Park	tbc	£400,000	£700,000	£700,000	£2,100,000	£2,700,000
Navigator Quarter	£0	£0	£0	£0	£350,000	£800,000
ABP Redbridge	£0	£0	£0	£0	£0	£0
ABP Strategic Land Reserve	£0	£0	£0	£0	£0	£0
Solent Gateway	£0	£0	£200,000	£500,000	£700,000	£700,000
Fawley Waterside	£0	£0	£0	£0	£0	£0
Fawley Complex	£0	£0	£250,000	£250,000	£250,000	£250,000
Totals:	£0	£400,000	£1,150,000	£1,450,000	£3,400,000	£4,450,000

NFDC Freeport Priorities

April 2024 – Cabinet agreed to develop a New Forest Freeport Delivery Plan focused on the following priorities:

- Transport and wider infrastructure
- Employment and Skills
- Prosperous Communities
- Environmental Sustainability



Governance

- Freeport Board (NFDC represented)
- Finance Resources and Audit Committee (NFDC represented)
- Retained Rates Investment Committee (NFDC represented)
- Accountable Body – Portsmouth City Council
- Full Business Case programmes:
 - Trade and investment
 - Innovation
 - Net Zero
 - Skills



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