

**Plymouth and
South Devon Freeport**
From Outline Business Case
to Full Business Case

The Plymouth and South Devon Freeport represents a unique opportunity to level up, addressing historical challenges and leveraging exciting new opportunities to transform the economy of Plymouth and South Devon.

Our latest update

Plymouth City Council, in partnership with South Hams District Council and Devon County Council, submitted the Outline Business Case for the Plymouth and South Devon Freeport to the Government in November 2021 following months of close working between public and private sectors to develop a business case that supports local, national and international businesses to leverage the benefits of being part of the region's only Freeport.

The Outline Business Case submission focuses on the area's high value engineering and advanced manufacturing sectors and builds on Plymouth's strengths in marine and defence specialisms and further develops opportunities in the space sector.

As one of only eight proposed Freeports within England, when our Freeport launches in summer 2022 it will officially be called the **Plymouth and South Devon Freeport** anchoring our position as the only Freeport in the South West region.

Our ambition

Our Freeport will **supercharge the South West economy** by building on our unique national capabilities in **marine, defence and space** including low carbon applications to form globally impactful clusters and a **UK Innovation Superpower**.

Our Freeport will:

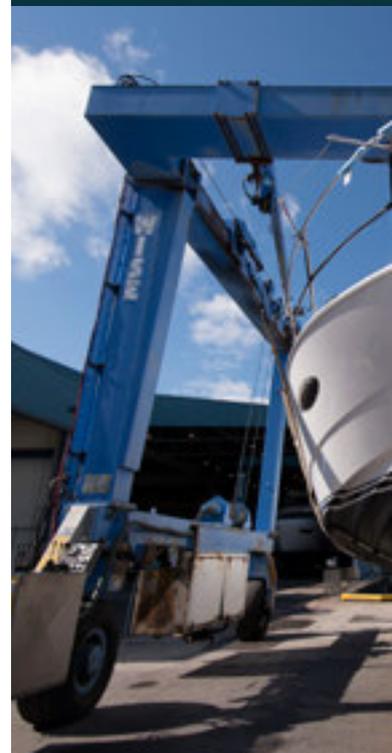
- **Create a national hub for trade and investment** – delivering an increase in trade throughput and piloting short sea shipping, reducing freight transport emissions, improving regional connectivity, increasing FDI and investment, as well as increasing the number of businesses exporting;
- **Promote regeneration and job creation** – increasing economic specialisation, delivering an increase in employment and average earnings, tackling deprivation and enhancing skills capacity, apprenticeships and opportunities; and,
- **Create a hotbed for innovation** – increasing R&D spend, boosting GVA through increasing high value economic activity, increasing productivity, contributing to net zero research and innovation agendas and extending regional, national and international networks.

What makes our Freeport unique?

Our area has **strong advanced manufacturing and engineering clusters** with **key specialisms in marine and defence** where we can capitalise on **major growing global markets**. Spaceport Cornwall provides a new substantial prospect to establish a space cluster alongside these core regional capabilities. There are a range of opportunities within these sectors to **put our area on the map as a science superpower**, for example in autonomy and renewables, contributing to **key national net zero agendas** including short sea shipping within a smart port, autonomous and clean propulsion setting.

We also benefit from a range of natural and physical assets including:

- A natural harbour and sheltered water with deep water access to the English Channel and Atlantic Ocean for **prototype testing, ocean trials** and **offshore renewable support**;
- One of the **largest naval bases in Europe** with unique nuclear defence





capabilities that allows for new applications, shipbuilding, transformative refits and on-shoring of specialist supply chains;

- The UK's first marine Enterprise Zone at Oceansgate, underpinned by the **Ocean Futures regional programme** for sub-sector specialisms and focused marine innovation;
- World class businesses and research assets in **marine autonomy and marine renewables** with a plethora of high value and innovative civil and defence applications;
- The UK's first 5G connected ocean trialling area (**Smart Sound**) with plans to expand along coast and to subsea obstacle course and testbeds;
- **Established freight routes** through the Port of Plymouth with scope for growth with new routes and further rotations;
- **Valuable waterside development sites** with the potential to support marine/defence innovation and high value shipbuilding;
- **Significant development sites** within the Eastern corridor and favourable planning policies through the Joint Local Plan;
- A **relatively uncongested major arterial road** (A38 Devon Expressway) linking to the M5; and,
- In neighbouring Cornwall, **Spaceport Cornwall** providing the first and only horizontal launch site in mainland Europe allowing for a satellite high value manufacturing and system integration cluster to form.

How will our Freeport benefit the local economy?

With a proactive knowledge base including the universities of Plymouth and Exeter and a range of local colleges, there is a **strong commitment to skills development, innovation and maximising R&D opportunities**. However, despite these assets, there are comparatively low numbers of exporting businesses, low levels of innovation/R&D currently and skills deficits in key disciplines within the workforce. Additionally, there is a lack of modern workspace for businesses: the area suffers from major viability constraints which inhibit the private sector from bringing forward employment land. This lack of investment in infrastructure and space impedes business clustering opportunities for sub-sector specialisms and focused innovation. This in turn holds back our plans to transform the economy through clean and inclusive growth.

Our Freeport **provides a unique opportunity to drive growth across, not only our local economy, but the whole region**, through:

- **Physical regeneration** – by delivering infrastructure to unlock key employment sites and innovation assets, supporting business clustering and clean growth opportunities;
- **Economic regeneration** – by delivering inward investment, supply chain opportunities and productivity gains within our identified growth sectors; and,
- **Social regeneration** – by delivering a pipeline of jobs across the spectrum of employment from entry level to higher skilled/high value with upskilling opportunities.

Where will the Freeport be located?

Our Freeport is made up of three key sites – **South Yard, Langage and Sherford**. Each site comfortably satisfying HM Government criteria of being within a 45km radius of the port of Plymouth to ensure Freeport status.

Our Freeport proposal **builds on existing investments and assets** dating back to the City Deal and will specifically enable us to **undertake land remediation, core infrastructure and supporting transport works** to

develop the South Yard, Langage and Sherford sites that have long remained undeveloped and underutilised. These will **create the opportunity for businesses to benefit from customs breaks and tax breaks** in order to achieve a **post-tax return on capital through the supply chain and economy**:

- **The South Yard site** - located near the Port, is adjacent to the existing Oceansgate Enterprise Zone and will be developed as a tax site, expanding the existing Oceansgate footprint and forming the centrepiece of the Freeport's Innovation Hotbed. Focusing on marine and defence sectors, the site will include an innovation centre and a mobility hub to unlock further development. Anchor tenant, Princess Yachts, will develop a new factory on land which they already own within the site and other current occupiers are considering plans to repurpose and redevelop key buildings and other infrastructure for new manufacturing capacity.
- **The Langage site** - located on greenfield land within the Eastern corridor of the city, in close proximity to the A38 Expressway, is a strategic employment allocation. It will be developed as a tax site with a customs zone incorporated within it and will provide industrial and manufacturing as well as light industrial units for high value manufacturing/engineering companies, focusing primarily but not exclusively on the marine, defence and space sectors. The site will also be home to a hydrogen plant being developed by landowner Carlton Power and a mobility hub to deliver sustainable and low carbon transport options.
- **The Sherford site** - located on the opposite side of the A38 Expressway to Langage forms part of the employment allocation of the Sherford new community. Plans are being considered to develop the site as a logistics hub with a coterminous tax and customs site boundary, providing integrated warehousing, storage and engineering space, which in turn will unlock wider growth elsewhere in Plymouth.

How can businesses benefit from the Freeport?

Businesses that are eligible to operate within our Freeport tax and custom sites may benefit from the following reliefs and allowances to **accelerate investment and job creation**:

- **Stamp Duty Land Tax Relief (SDLT)**
- **Enhanced Structures and Buildings Allowance (SBA)**
- **Enhanced Capital Allowances**
- **Employer National Insurance Contributions (NICs) Rate Relief**
- **Business Rates Relief**
- **Tariff benefits** including duty deferral 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 the Freeport, processed into finished goods and subsequently exported (subject to the UK's Free Trade Agreements)
- **Suspended VAT on goods entering the Freeport**
- **Simplified import procedures**

We know from our Enterprise Zones that the Freeport can act as a **catalyst for investment** that provides **wider benefits for supply chain partners and ancillary services**.

As one of only eight Freeports currently planned within England our Freeport will **shine a spotlight on Plymouth and South Devon** from Government as an **innovative location to invest and locate**, boosting our regional economy and our reputation.





Our focus on specific sectors that have high growth potential will ensure we maximise the benefit to our regional economy. The creation of super clusters will help us to **address our STEM skills gap** and benefits businesses across the region ensuring that we realise the **high value jobs** and **lifetime skills** provision that will **benefit our whole community**.

The Universities of Plymouth and Exeter are working with other innovation support providers to develop a bespoke Innovation Strategy for the Freeport. **The strategy builds on a long commitment to partnership working, bringing together business, investment and knowledge partners. It will allow for R&D focus in specialist areas, prototype development and stringent end-use testing, production planning and viable product release. The innovation plan will support already strong clusters and local capability for the South West to be recognised as global centres of excellence in marine, defence and space innovation.** The strategy will leverage existing collaborations with Maritime UK South West, the South West Regional Defence and Security Cluster (SWRDSC) and South West Centre of Excellence for Satellite Applications (SWCoESA) and is aligned with the ten-year Ocean Futures plan focusing on autonomy, digital oceans and clean maritime.

An Employment and Skills Strategy will underpin all activities, ensuring that **partners can accelerate higher value employment and training opportunities** whilst also **enabling new employment and inclusion opportunities, education and career options and wider supply chain innovation activity**. Subject to securing additional funding, a marine skills academy will provide specialist facilities capable of delivering the volumes of relevant training required in key disciplines.

We will work with the Department for International Trade (DIT) on **national and global strategic marketing to attract investment into the area** and stimulate exporting through the DIT Export Academy. Our gateway policies will ensure that businesses locating in the Freeport are **not displaced from elsewhere in the UK**, thus **delivering additionality**.

Through partnership working the Plymouth and South Devon Freeport will deliver a major uplift in private and public investment to build a more resilient, sustainable and productive future.

If you would like to find out more about the Freeport and the exciting opportunities it presents please contact the Freeport Development team by email FreeportDevelopmentTeam@plymouth.gov.uk or visit www.plymouth.gov.uk/plymouthandsouthdevonfreeport

Next steps:

December 2021 to April 2022

- Establishing our new Freeport entity formally
- Developing our tax and customs sites
- Establishing a customs operator and first active customs site approved
- Developing and submitting a Full Business Case to HM Government
- Finalising investment schedule to secure Government seed funding grant (£25m) and evidence and detail of local match (£29m)

April 2022 – summer 2022

- Approval of Full Business Case
- Operationalisation of Freeport
- Section 31 Grant issued for delivery of infrastructure through seed Capital Funding

