# Freeport set to generate £90m less for council than previously estimated

## The Forth Green Freeport is set to bring in £90m less for Edinburgh Council than was previously estimated, new figures show, as councillors insist it's still "well worth investing in".

The 'special economic zone' along the Forth Estuary officially came into place earlier this summer, offering tax breaks and lower business tariffs, and promising tens of thousands of "high quality" jobs in offshore wind and other renewable energy technologies.

Last week councillors agreed to release Edinburgh's contribution of just under £345k, unlocking an initial £24.5m investment in the the deregulated ports at Leith, Burntisland, Grangemouth and Rosyth.

Some of this seed capital is set to help create a new turbine laydown and logistics facility at the Port of Leith, where Forth Ports – which is leading the public-private partnership with councils in Edinburgh, Falkirk and Fife and other businesses – is working to deliver Scotland's 'largest renewable energy hub' on a 175-acre site.

But critics of freeports say they only create 'tax havens' for companies who relocate existing jobs rather than creating new investment.

And now it’s emerged the benefits to the city have been downgraded since an outline business case was presented to councillors last October.

Updated figures show Edinburgh Council is estimated to receive £107m from non-domestic rates over 25 years. This is down from £197m less than a year ago.

The number of jobs expected to be created across the entire freeport has also dropped, from 50,000 to 34,500 – while the council’s contribution rose from £80,000 to £344,970.

SNP councillor Kate Campbell, who called on the council to reject the funding request, said: “There’s been a very big shift in terms of the expectation of what we as a council would expect in terms of funding and also what it will deliver.

“We do not believe we should be putting forward the £350k to support the freeport.”

However Labour council leader Cammy Day defended the project, hailing it as a “huge opportunity” to build and to provide more investment into the city.

He said: “Our role of course will be to oversee the invested agreements and that they comply with the agreed investment principles. And if not we will firmly apply the penalties that we are able to.

“The full business case will unlock over twenty four-and-a-half million pound of seed capital from the UK and Scottish Governments and create a potential large-scale creative hub and a first aid studio complex in the Leith area.

“The initial contribution . . . is less than 0.5 per cent of the council’s projected income and of course it will be replenished when the income starts coming in from the non-domestic rates.

“It’s a minor outlay for a substantial transformation of the north of the city and the Forth estuary.”

As well as getting a slice of the seed capital funding, businesses operating in the freeport can benefit from various tax incentives including:

- 100% non-domestic rate relief for five years
- 100% Enhanced Capital Allowances for the first year of qualifying expenditure
- No employer National Insurance contributions on salaries up to £25,000 for new hires in the first three years
- Land and building transaction tax relief
- Customs incentives
- Suspension of import VAT on goods entering the Green Freeport
- Simplified planning regimes

During a debate on the Forth Green Freeport’s full business case, which has been signed off the UK and Scottish Governments, Greens councillor Alex Staniforth described it as a “bad idea and a bad investment”.

He said: “These things have never worked as well as administrations have hoped they would when similar projects have been done in the UK and elsewhere,” while fellow Edinburgh Green Ben Parker branded it “greenwashing”.

Conservative group leader Iain Whte said it was “well worth investing in”.

He said: “£350k for at least £107m return directly to the council to spend in Edinburgh in non-domestic rates revenues retained by the council. That’s 0.3 per cent of the money that we put up front as a short-term investment to allow it to happen and cover a small gap.

“£7.9bn of private and public investment, £8.1bn of gross value add and £34.5k jobs, high quality jobs at that.

“If you want to build wind turbines, if you want to change oil production to green hydrogen that will take some up front cost. But it’s all about changing our economy and our energy industry and capacity.”

While the business case won support from a majority of the chamber as Labour, Conservative and Lib Dem councillors voted to endorse it and approve the council’s contribution, Labour backbencher Katrina Faccenda said she could not support her group’s position.

“Unfortunately I will not be able to vote for this with the administration,” she said, telling colleagues the report “didn’t go any way to convincing me that it wasn’t going to be a deregulated zone in the most negative aspects of that”.

By Donald Turvill Local Democracy Reporter