



Department for Levelling Up,  
Housing & Communities

██████████  
*Programme Director, Freeports*

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Dear ██████████,

As discussed previously, we have been unable to approve the East Midlands Freeport OBC at this point in time due to concerns about the additionality of the SEGRO part of the EMAGIC tax site. We remain, however, committed to progressing the East Midlands Freeport as quickly as possible and so I am writing to set out next steps.

We are not able to approve the OBC with respect to the EMAGIC tax site in its current form. Given that the expected investment on the SEGRO part of the site will occur irrespective of Freeport status, it is unclear that tax status for the site will meaningfully contribute to achieving the policy objectives set out in the Bidding Prospectus and subsequent guidance. The tax site will therefore need to be revised to remove the low additionality parts or another tax site proposed. I can also now confirm that following your further discussion and information provided on the Strategic Rail Freight Terminal, HM Treasury's assessment remains that the tax site land should be focused on the underdeveloped land, such as the land surrounding the SRFT, rather than the existing SRFT itself: the request remains that this be carved out. This should be factored into your thinking about revising or replacing the site. HM Treasury are happy to provide more feedback on this in a meeting should that be helpful.

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We will work with you to get a revised EMAGIC tax site designated as soon as possible or, if the site cannot be revised to meet HM Government's requirements, to explore the option of an alternative tax site. However, we appreciate that this may take some time to work through. We may therefore be able to proceed with approving the OBC with respect to (and designating) the Ratcliffe-on-Soar and EMIP tax sites in advance of finalising details of the third tax site. In order to be able to do this, we will require assurance that the Freeport proposition is sound independently of the EMAGIC tax site, including evidence that:

- The Freeport is financially viable without the site given its role as a source of short-term business rates income. This should include a revised financial model for the Freeport that excludes the EMAGIC tax site and an explanation of how, without income from the site, the ambitions set out within the OBC will be delivered and how that delivery will be funded.
- The local Freeport coalition remains workable independently of the EMAGIC tax site, specifically that stakeholders key to the delivery of the other two sites and wider Freeport proposal will remain fully engaged in the Freeport.

- The overall economic case for the Freeport is sound, independent of the EMAGIC tax site. This should show, in particular, that the anticipated wider benefits (transport, environmental, and skills) on the EMIP and Ratcliffe-on-Soar tax sites will be realised. This will need to involve modelling of the benefits of the specific projects planned on those sites. I understand that a more detailed modelling of this nature has been undertaken as part of work on the FBC – this should be provided.

If this information can be provided in time and to the requisite standard, we will be ready to approve the East Midlands Freeport OBC with respect to the EMIP and Ratcliffe-on-Soar tax sites and designate those sites in February (submission deadline: 14 January) or early March (submission deadline: 9 February). Later windows will be available if needed, so please discuss the possible ways forward and anticipated timescales with your Lead Contact within the Department as soon as you are able.

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If, however, the Freeport Board would prefer to proceed with all three tax sites in parallel, then we will require:

1. Evidence that the Freeport proposition is sound given the changes to the third site, including all of the information requested in the above bullets.
2. Details of the third tax site. This will need to include the same details requested of the EMIP and Ratcliffe-on-Soar sites as part of the OBC and critical actions response (including how it will generate additional economic activity) and a revised site map. If the revised site features land not included in the original EMAGIC tax site proposal, it will need to go through the full HM Treasury assessment process to verify that this land meets the requirements set out in the Freeports Bidding Prospectus.

Timescales for assessing a revised EMAGIC tax site and associated OBC information will depend on the extent to which it includes land not included in the original tax site proposal, which will need to be assessed. In the case of relatively small changes, if the required information is received by 10 January it may be possible to designate the site at the start of March. If substantial changes or a replacement tax site are being proposed, this entire site will have to go through the HM Treasury assessment process and designation timescales will be affected accordingly. In either case, please liaise with your DLUHC Lead Contact about timescales as soon as you are able.

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Whilst your focus should be on addressing the above, I appreciate that you are progressing work on the East Midlands Freeport FBC in parallel (noting that the OBC must be approved prior to FBC submission). To support this, I therefore attach a document setting out the 'substantive actions' for your OBC – i.e., feedback that does not need to be addressed prior to OBC signoff but must be addressed in the FBC. Your DLUHC Lead Contact will be happy to discuss these actions at any appropriate time, so please do not hesitate to reach out.

Thanks again for all your hard work in getting us to this point. My team and the Freeports Hub are ready to support you with this work and I would encourage you to make use of their expertise.

**Yours sincerely,**



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