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Please ask for : Elizabeth Ridout

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Our Ref : FPE/OBC/BRR

Dear Mark Taylor

As an authorised representative of Tendring District Council, I agree to the following principals in regard to the management of retained rates generated within the Freeport East Tax site[s]:

We would deploy a mechanism of dedicated funding pots, these pots would be defined as follows:

- **Pot A1 and A2\*** allocated to the District and County Councils affected. This would be awarded to compensate the Councils for income foregone under the Freeport regime. Each Council that receives this can put it in its General Fund and spend as it sees fit.
- **Pot B** would be established to help gap fund the development of the tax site within Tendring and /or to accelerate its development, aligned to the Freeport policy objectives. Any decisions on spend would include Tendring District Council / Essex County Council, and representatives of the Freeport East Board. A mechanism will also be set up to ensure that any funding investments made was a result of genuine gap funding and could not be considered a distortion to trade.
- **Pot C** would be a wider pooled pot across the Freeport that funds economic development in the Freeport economic zone, aligned to achieving the wider Freeport Policy objectives focusing on themes such as skills, innovation, levelling up, trade, investment, infrastructure, security and net zero. This would be administered by the Lead Authority (East Suffolk Council) and decisions on its use would be determined by the Freeport East Supervisory Board. This would be restricted to projects /programmes in the Freeport sub region.

- **Pot A3** would also apply within Mid-Suffolk and is required to meet the Enterprise Zone commitments made to the New Anglia LEP challenge fund due to the loss of EZ rate income.

The size of the pots for each individual tax site would be largely determined by the priority requirements of **Pot B**. Accelerated development on the tax sites is prioritised for two aims:

- It allows incoming companies to benefit from the 5 years rate relief assistance and other financial incentives that are time limited.
- The earlier the retained business rates are generated the larger all of the pots become.

We will work with Freeport East as part of the Full Business Case development process to develop a detailed plan for the use of retained business rates growth.

Yours sincerely

Cllr Neil Stock OBE  
**THE LEADER OF TENDRING DISTRICT COUNCIL**