



Department for Levelling Up,
Housing & Communities

Vaughan Gething MS
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Rt Hon Michael Gove MP
*Secretary of State for Levelling Up, Housing
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Dear Vaughan,

Following our recent discussions and those subsequently between our officials, I hope we can agree to proceed swiftly with the joint delivery of a new Freeport in Wales. As I am sure you will agree, this represents an excellent opportunity to support the regeneration of communities in Wales by attracting new businesses, jobs, and investment, as well as drive wider benefits across the Welsh economy. As such, we want to work with you to tailor a collaborative Freeport programme for Wales and ensure we are able to harness the full range of reserved and devolved levers.

To ensure momentum, I propose that a joint prospectus be published as soon as possible, with bidders expected to set out how they will meet our shared objectives of regeneration and job creation, trade and investment, innovative environment, deliverability, and private sector involvement. All bids would be jointly assessed by our respective Governments against these objectives, with further details set out in a joint prospectus which our officials will develop together for joint Ministerial sign-off.

The UK Government is committed to establishing and supporting one Freeport in Wales. To support delivery of this Freeport, the UK Government is prepared to commit the additional seed funding necessary to support one Freeport in Wales with an equivalent level of funding as made available to Freeports in England, up to £26m in total. This is in addition to significant tax reliefs that will be made available through HMRC reserved levers, matching those made available those across Great Britain. To complement this, we would expect the Welsh Government to provide relief through devolved tax levers, to ensure that a Welsh Freeport receives an equivalent offer to those in England. This should include a comparable offer on business rates retention. Both Governments will consider how other reserved and devolved funding streams and policy instruments, for example innovation funding and business support measures, could support the successful delivery of our shared objectives in Wales.

The UK Government also recognises the importance of ensuring that the bid prospectus reflects the specificities of the Welsh context. This includes considering what flexibilities may be appropriate to ensure that tax sites are not unduly constrained by the 45km Freeport boundary, where there is a clear economic rationale for their location outside of this limit, including a direct link between the economic activity in the tax site and that in the main Freeport.

The expectation is that there will be one Freeport in Wales, however, as was the case in England, I would be prepared to consider the case for one additional Freeport in Wales, if a truly exceptional proposal were presented at the bidding stage. The funding arrangements for an additional Freeport in Wales would be subject to negotiation between UKG and WG.

I am committed to taking a collaborative approach to this programme, and to running a fair, open and transparent selection process to ensure that the best possible sites come forward. Applications will therefore be assessed jointly by Welsh Government and UK Government officials, on the basis of a single joint prospectus, and Ministers from UK Government and Welsh Government will have an equal say in the final selection from a shortlist of appointable candidates as agreed jointly by our officials.

This programme offers an important strategic opportunity to support the UK and Welsh Government's mutual climate change commitments to reach net zero by 2050. As with Freeports in England and Scotland, applicants will be expected to submit robust, action-focused decarbonisation plans in support of this commitment, and will also need to show that the plans comply with local environmental regulations and requirements.

The creation of high-quality employment opportunities offering good salaries and conditions lies at the heart of both Government's ambitions for a Freeport in Wales. Establishment of the Freeport model is therefore intended to stimulate net growth in jobs in innovative industries and sectors in Wales. It will achieve this by delivering prosperity for all through creating inclusive growth, built on strong foundations, supercharged industries of the future and productive regions. I recognise that the Welsh Government has existing commitments on fair work and propose that each bidding party in Wales, as part of the regeneration and job creation objective, be required to demonstrate how they will drive inclusive growth including increasing the availability of fair work. This follows the approach we have also taken in collaboration with the Scottish Government. The robustness of the successful applicant's strategy to create new, high quality, fair work opportunities will be evaluated at the business case approval stage, following the selection of the successful bid, which will provide an opportunity for the Welsh and UK Governments to hold bidding parties to account for the commitments they have made.

I hope you can agree that the development of a Freeport in Wales provides an excellent opportunity to support Welsh businesses and stimulate the much-needed growth in jobs. I look forward to discussing this further with you and hope to be able to progress this opportunity successfully together.

With every good wish,

A handwritten signature in black ink that reads "Michael Gove". The signature is written in a cursive style with a large initial 'M' and a long, sweeping tail on the 'G'.

Rt Hon Michael Gove MP
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