



Department for Levelling Up,  
Housing & Communities

**Rt Hon Michael Gove MP**

*Secretary of State for Levelling Up, Housing and  
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**Department for Levelling Up, Housing and  
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Dear Kate,

9 February 2022

## **FREEPORTS DELIVERY IN SCOTLAND**

Following recent discussions between our officials, I hope we can agree to proceed at pace with the joint delivery of two new Freeports in Scotland. These national hubs for trade, innovation and commerce will support the regeneration of communities across Scotland by attracting new businesses, jobs, investment and opportunity, and will tailor the UK Government's Freeport programme to a Scottish context.

As you know our officials have been engaging constructively and at pace to resolve the outstanding issues. Both our Governments share a commitment to this programme, and to continue to work together closely in order to give businesses certainty and ensure Scotland benefits from this model. I propose that we work jointly and together in announcing this and develop a joint prospectus, with a view to publishing it ahead of local government elections. As part of this, bidders should be expected to set out how they will meet our shared objectives of regeneration and job creation, trade and investment, transition to a net zero economy, innovative environment, deliverability, and private sector involvement. All bids would be assessed against these objectives, with further details set out in a joint prospectus which our officials would develop in partnership.

To support delivery of this programme, the UK Government is prepared to commit the seed funding necessary to support two Freeports in Scotland with an equivalent level of funding as their English counterparts, up to £52m total. This is in addition to significant tax reliefs that will be made available to each area through HMRC reserved levers. The Scottish Government will also provide rate relief through devolved tax levers, and both Governments will consider how other reserved and devolved funding streams could support the successful delivery of our objectives in Scotland.

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

As we have discussed, this programme offers an important strategic opportunity to support the UK and Scottish Government's climate change ambitions, through building internationally competitive clusters of manufacturing excellence in technologies that will deliver net zero benefits, and creating new green jobs. Applicants for Freeport status in Scotland will therefore be required to set out how they intend to contribute a just transition to net zero emissions by 2045, including how they can facilitate the decarbonisation of beneficiary organisations. They will be expected to submit robust, action-focused plans in support of their commitment.

In this context it is important to ensure we are agreed on the issue of branding, given our different approaches to date regarding the name of the Freeports programme in Scotland. Freeports are a globally-recognised brand which it is important that we maintain, and I would not want to create the impression that their implementation in Scotland will be of a fundamentally different nature to that in other parts of the UK. However, I recognise the importance of ensuring there is a strong and visible “green” element to the Freeports offer in Scotland, as a signal to potential Scottish investors. To that end, I would like to propose that we refer to Green Freeports throughout the joint prospectus, and any joint communications. I would, however, reiterate that Freeports in England already conform to high net zero standards, and are currently in the process of designing and implementing decarbonisation plans.

Finally, we have discussed the shared commitments of the Scottish and UK Governments to supporting the creation of high-quality employment opportunities that offer good salaries and conditions. Establishment of the Freeport model in Scotland is intended to stimulate net growth in jobs in innovative industries and sectors. I therefore propose that each bidding party in Scotland is required to set out how they will enable creation of these new jobs; how they will approach attracting companies to locate in the area; and how fair work practices will be embedded across the area. I recognise that the Scottish Government and local authorities are committed to pursuing a Fair Work First approach and bidding parties may therefore wish to consider the relevant criteria. Once the two bids are selected by the two Governments, the robustness of the successful applicants’ strategies to create new, high quality, fair work opportunities will be evaluated when business cases are examined.

I hope you can agree that this is a great opportunity to support Scottish businesses, stimulating the much-needed net growth in jobs across many of the innovative industries and sectors which have built up around Scottish ports. I look forward to your response and hope we are 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, flowing style with a large initial 'M'.

**Rt Hon Michael Gove MP  
Secretary of State for Levelling Up, Housing and Communities  
and Minister for Intergovernmental Relations**