

Building the future
UK Freeports



Ministry of Housing,
Communities &
Local Government

UK Freeports Programme Report

June 2025



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Overview



12 FREEPORTS ACROSS THE UK

As well as 8 Freeports in England, there are now 2 Freeports in Wales and 2 Green Freeports in Scotland.

TAX AND CUSTOMS SITES



34
tax sites



18
customs sites

52 Freeport tax and customs sites have been designated in law, meaning businesses can take advantage of tax and customs incentives there.

SITE DELIVERY PROGRESS

£1 billion unlocked in private investment for site preparation



£157.93 million disbursed on **39** seed capital projects



2671 hectares of land rehabilitated

>£880 million expected to be generated in retained rates over 25 years, with this figure rising as more investments confirmed



INVESTMENT

£6.4 billion

of private investment on Freeport sites

89%

of that is foreign direct investment

TOP 3 SECTORS FOR FREEPORTS INVESTMENT



Clean energy

£2.6bn



Ports and maritime

£1.56bn



Advanced manufacturing, engineering, construction

£839m

Introduction

Freeports have played an important role in building the foundations for long-term regional and national growth. The publication of the UK's modern Industrial Strategy confirms how – alongside Investment Zones – they will be pivotal tools for delivering growth in the government's priority sectors, under the shared identity 'Industrial Strategy Zones'. Alongside this, we are publishing the Industrial Strategy Zones Action Plan, setting out how Freeports will evolve to best support our growth mission and the additional steps this Government will take in empowering them to do so.

This report looks back at how Freeports have been laying the foundations for long-term, durable prosperity, putting them in an ideal position to pivot to the ambitions of this government's growth agenda. This journey has not been the same for every location, but each has a compelling story to tell about how it is using Freeport status to transition to a stronger industrial future. For example:

The UK's last coal-fired power station was closed and decommissioning began in the East Midlands in September 2024, marking the end of more than half a century of coal production in the region. The landscape of the site – part of the East Midlands Freeport – is now set to dramatically transform from the familiar large cooling towers to a hub for zero-carbon energy and technology.



On Teesside, Europe's largest brownfield site - the former home of the now-demolished Redcar steelworks - is being transformed into a leading centre for clean energy, with a £950 million offshore wind manufacturing investment secured within the Teesside Freeport, creating around 2,250 jobs, and a new £114 million Heavy Lift Quay.

And Inverness and Cromarty Firth – a hub for North Sea oil and gas activity since the 1970s – is now playing a critical role in growing the Scottish offshore wind sector, with the Green Freeport hosting a £350 million undersea cable factory due to create around 330 jobs.



Freeports incentives

Freeports provide a number of incentives that boost the attractiveness of the UK to international investors, including:



Tax reliefs

A wide range of reliefs, including on business rates and Employer National Insurance Contributions.



Public investment

£25 million of seed funding from government to help Freeports get sites ready for investment.



Long-term Government backing

A 25-year settlement to retain and reinvest business rates generated by investment in the Freeport.



Expert support and regulatory engagement

Freeports - and businesses within them - can work closely with regulators and experts within government to drive innovation.



Customs incentives

Streamlined customs procedures, simplified declarations and duty suspension to save businesses time and money on import/export processes.

These incentives help attract business investment to Freeport sites, creating jobs for local people and generating additional tax revenues to be reinvested within the region. These in turn increase the attractiveness of Freeport regions to businesses, leading to a virtuous cycle of further private investment and, ultimately, the creation of new green industrial clusters and durable growth in the UK's former manufacturing heartlands.

This 'theory of change' is reflected in the structure of this report. Each chapter covers a key, sequential step in the delivery of Freeports, from initial operationalisation and creating investible sites to landing investment and finally nurturing clusters and driving long-term local growth.

Early progress was set out in the first Freeports Programme Report in December 2022. This report covers progress made since then (over the period January 2023 to June 2025) and our early understanding of the longer-term impacts of the programme.



Milford Waterway, Celtic Freeport

Chapter 1: Operationalisation

At the time of the last Programme Report, 8 English Freeports had been announced and were working to establish the local governance, partnerships and capability needed to deliver. Since then, the number of Freeports has grown from 8 to 12, extending the Programme into both Scotland and Wales. In Scotland, Inverness and Cromarty Firth (ICF) Green Freeport and Forth Green Freeport were announced in January 2023. In Wales, Celtic Freeport and Anglesey Freeport were announced in March 2023. In Northern Ireland there will be a combined intervention, bringing together the benefits of Freeport and Investment Zone status.

Map of UK Freeports

English Freeports

- 1 East Midlands Freeport
- 2 Freeport East
- 3 Humber Freeport
- 4 Liverpool City Region Freeport
- 5 Plymouth and South Devon Freeport
- 6 Solent Freeport
- 7 Teesside Freeport
- 8 Thames Freeport

Scottish Green Freeports

- 9 Forth Green Freeport
- 10 Inverness and Cromarty Firth Green Freeport

Welsh Freeports

- 11 Anglesey Freeport
- 12 Celtic Freeport



Moving from selection to delivery

Following their competitive selection, Freeports are required to develop the original vision articulated in their bid into an outline and then full business case, setting out how they will use Freeport status to deliver transformational change in their region. These business cases are assessed by government to ensure that Freeport incentives and public money are used to generate maximum benefit for the region. They are also the instrument through which local strategies for catalysing growth are articulated and agreed, including how the Freeport will plug into the existing skills and innovation landscape in the region. All 8 English Freeports have completed this process and signed a memorandum of understanding (MoU) with government, meaning they are now fully operational and can begin drawing down funding. The full business cases of the Inverness and Cromarty Firth Green Freeport and Celtic Freeport have recently been approved and Forth Green Freeport and Anglesey Freeport are in the final stages of appraisal and approval.

Journey from early vision to full approval

Initial bid

Local coalitions submit their initial bid to government; articulating why a Freeport is the best solution for economic growth in the area.

Full business case (FBC)

Once all necessary revisions are made to the OBC, Freeports submit a full business case, showing in detail how the levers and funding will be used and how the Freeport will be delivered locally.

Full approval and MOU

After the FBC is approved, the Freeport and government sign an MoU setting expectations on how all parties will work together. This stage triggers the release of seed capital funding for the Freeport.



Outline business case (OBC)

If the bid is successful, an outline business case is submitted showing clear analysis and rationale for why and how the Freeports benefits will be used, including defining the tax sites.

Tax and customs site designation

Each tax and customs site proposal must be submitted to government and if approved, are designated in law. Once designated, businesses locating in these sites can take advantage of the incentives with the necessary authorisation.

Tax sites



All 24 tax sites in the English Freeports are now designated and active. **10 tax sites** have been designated across the Inverness and Cromarty Firth and Forth Green Freeports, and the Celtic and Anglesey Freeports (6 in Scotland, 4 in Wales).

The investment English Freeports have attracted to date is expected to generate more than £880 million¹ in retained rates over 25 years. This figure will rise as more investment is secured.

Customs sites



18 customs sites have been designated across the English Freeports and in Inverness and Cromarty Firth and Forth Green Freeports, operating in sectors including logistics and manufacturing.

For some Freeports, the customs model has been an important tool for building trade-orientated clusters. Liverpool City Region Freeport, for example, now has 7 designated customs sites, showing the strength of interest in the area. Others, however, have struggled to attract businesses to operate the sites. This has led to the decision to take a more flexible approach, making customs sites an optional benefit rather than a requirement of Freeport status.

Customs case study - Liverpool City Region Freeport

SSO International Forwarding was the first business to obtain Customs Site Operator (CSO) status in Liverpool City Region Freeport, receiving designation in January 2023. Since approval, the business has seen significant growth and increased trade, with monthly customs declarations rising from 300 to over 700 and benefiting from the suspension of almost £675,000 of import duties under Freeport customs procedures. This has enabled the company to recruit additional staff to service the increased business it has secured since becoming a CSO.

SSO International Forwarding has also become the first CSO in the UK to operate a second designated site within the same Freeport area and the company's proposed third site, at Widnes, will be a significant asset to the region.

Extension to Freeport tax reliefs

Businesses originally had a five-year window to first claim Freeport tax reliefs, running to 2026 in England. However, early evidence from delivery showed this was not long enough: Freeport sites were selected on the basis that they were not previously in use, often because they had complex requirements relating to infrastructure or land remediation, which take many years to address. MHCLG analysis showed that the English tax sites would only have been partially occupied by the expiry of the five-year window, and so would not have been able to deliver the anticipated levels of impact². This risk was a key concern highlighted by the Business and Trade Committee, during its inquiry into Investment Zones and Freeports in England³.

As a result, the previous government announced in its 2023 Autumn Statement an intention to extend the window for claiming Freeport tax reliefs from five to ten years, until September 2031 in English Freeports and September 2034 in Scotland and Wales. This was welcomed by Freeports and businesses, who recognised the importance of long-term backing and policy stability for attracting private investment.

The Government was, however, clear that the extension of reliefs would be conditional on Freeports providing suitable evidence of delivery progress to date and robust plans for future delivery. The Government therefore negotiated a Tax Extension Delivery Plan with English Freeports, through which local partners and landowners reaffirmed their commitments to delivering the vision outlined in their business cases. Following this, the Government legislated in April 2024 to extend the window for UK Government reliefs. The extension in Scotland and Wales will be subject to a mid-point review in 2028.



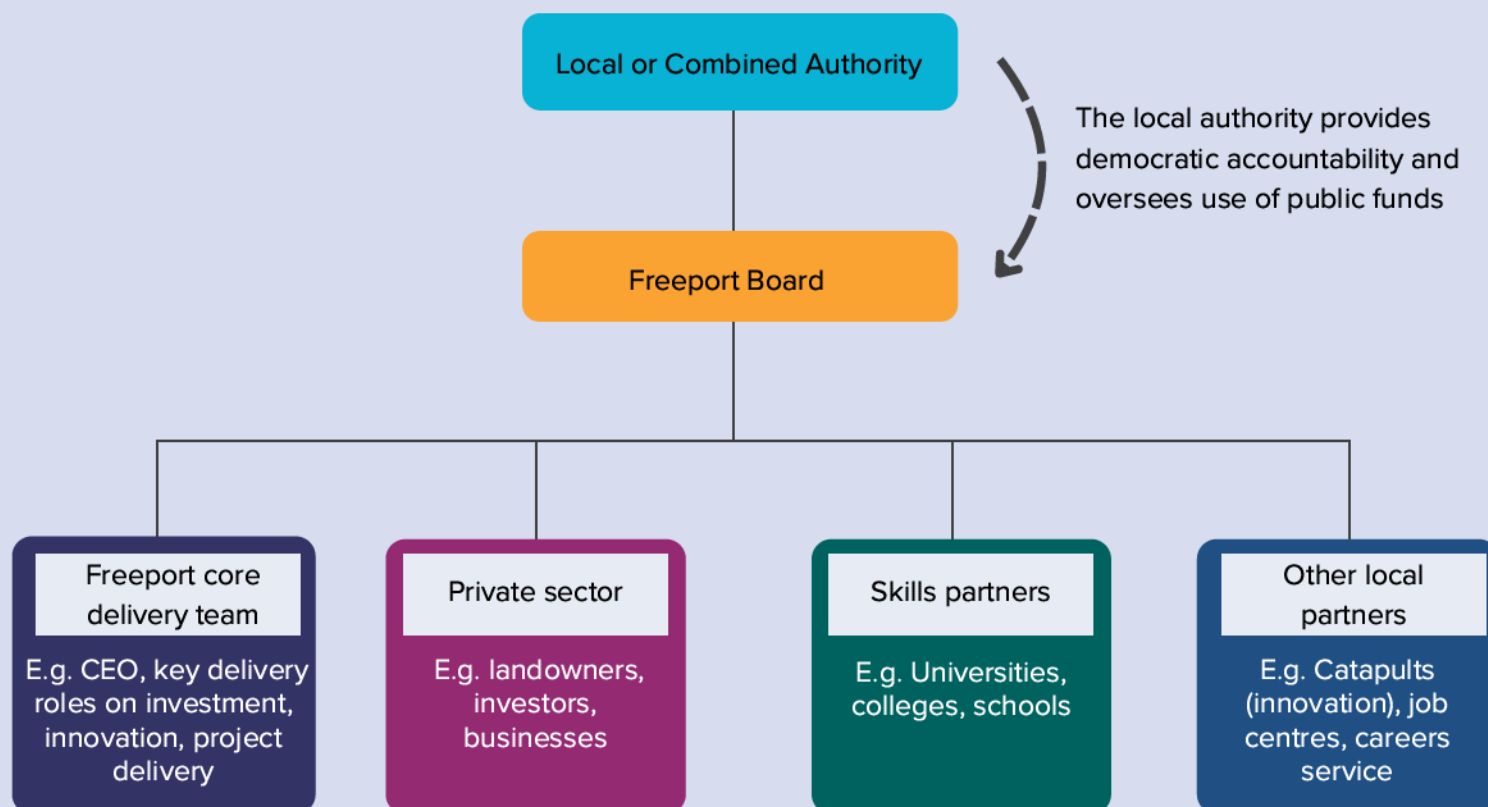
How Freeports are being delivered

While central government has played an important role in approving and designating Freeports, the work of delivery is locally led. Freeports bring together the key local partners to develop and deliver a shared economic vision for their regions, grounded in a common understanding of regional strengths and growth opportunities.

The majority of English Freeports have now fully established their governance and delivery arrangements, with a Freeport Board in place and, in many cases, sub-committees set up to support the work of the Board. Freeport Boards are led by a named Local or Combined Authority and comprise local councils, businesses, and other key local growth stakeholders. The named Local or Combined Authority is accountable for the use of all public funding for the Freeport and for ensuring the Freeport adheres to the highest standards of good governance and transparency, including publishing key documents such as board papers and business cases, typically via the Freeport's websites.

Since the last Programme Report, English Freeports have increased their average full time equivalent staffing levels from 3.25 to over 6.5 staff (employees and secondees). There has been intensive work undertaken in recruitment, in particular for key roles such as the chair of the Freeport Board, Chief Executive, and a core team to engage with and attract investors, deliver Freeport-funded projects and collaborate with local stakeholders and partners working on skills, innovation and net zero opportunities and initiatives. Scottish Green Freeports and Welsh Freeports are at an earlier stage of setup, but the majority have already appointed permanent Chief Executives.

Example of an English Freeport delivery structure



Chapter 2: Creating investible sites

Each Freeport is focused on delivering investment on three priority sites (known as ‘tax sites’), which have been carefully selected by local councils and business representatives as the locations most in need of regeneration and with the highest potential to drive regional growth. These sites are the economic engine of the Freeport and are usually shown within a much larger ‘outer boundary’: this is the area that is expected to benefit most directly from the jobs and economic growth created on the Freeport’s tax sites, but the outer boundary does not itself confer any special status or indicate that all areas within it will be developed.

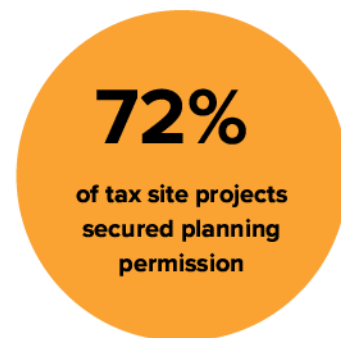
Freeports must, first of all, get tax sites ready for development; and this can often be a complex undertaking, with some sites requiring extensive preparatory works to remediate land or provide enabling infrastructure. Freeports benefit from a broad package of funding, incentives and wrap-around government support to help them navigate and overcome these barriers and ultimately breathe life into sites that have remained unused for many years.

Planning consents

Obtaining planning permission is a key step for any development, but Freeports often have complex planning needs due to their large size, location (often in coastal areas including or near natural habitats) and complexity (for example, impacts on transport) which can take time to resolve and require close working across a large number of stakeholders.

Consequently, there is a risk of planning-related delays, which can negatively impact investment. Each Freeport application is subject to the same national regulations as the rest of the country and needs to carefully consider the protection of the environment and cultural heritage of the area.

Across the English Freeports, 72%⁴ of projects within tax sites are understood to have a form of planning permission in place, representing substantial progress and a significant achievement on the part of the programme and its partners.



There is land that still needs consent, and more is being done to accelerate the process. Key statutory consultees in the planning process have committed to working with Freeports to advise on their delivery plans to ensure that challenges and opportunities are identified early. The government also funded the Planning Advisory Service (PAS) to deliver a two-year support programme for local planning authorities (LPAs) in the English Freeport areas. They established an LPA network across the eight English Freeports and held regular roundtable sessions with the LPAs to share experiences and best practice. Statutory consultees have led sessions with this network to raise awareness of opportunities and how best to engage with them. In Scotland the 'Green Freeports Planning and Other Consents: National Protocol' commits partners (including councils, consenting bodies, statutory consultees, developers, and Scottish Government) to work together to facilitate planning and consenting processes in Green Freeport sites.

Investing in site preparation

Freeports each receive up to £25 million in 'seed capital' funding, which is primarily focused on helping ready tax sites for development, for example by decontaminating brownfield land, improving transport links and accessibility to the site, or connecting the site to the national grid. It can also be used to support other key capital projects, including those to enable innovation and skills programmes.

There are 56 seed capital projects and £157.93 million has been disbursed on 39 of these. At their core, though, Freeports are fundamentally about using public funding to leverage in significant private investment.

So far, they have unlocked c. £1 billion⁵ in private sector investment into site preparation and other enabling works. And in total, 2671 hectares⁶ of land have been rehabilitated to date across the Freeports.



**£157.93
million**

disbursed on seed
capital projects



£1 billion

unlocked in private
investment for site
preparation

Case studies - Seed Capital Projects

Langage Energy Park

Plymouth and South Devon Freeport has allocated £5.725 million seed capital funding to prepare its Langage tax site which will include a Green Hydrogen Hub, the first of its kind for the South West and a major milestone in the area's transition to a low-carbon economy. The Hub, which is being delivered by the landowner Carlton Power, will sit adjacent to their existing 5MW solar farm and is expected to be operational in 2028.

By using seed capital to deliver a spine road and power connections, the wider tax site can be developed, opening up over 119 acres to support business growth in the advanced manufacturing and engineering, marine, defence, space, and technologies sectors that move the economy towards net zero.



Dunsbury Park

Dunsbury Park in Solent Freeport was 43 hectares of undeveloped land, with a lack of infrastructure and access making it difficult to attract investment. £1.4 million of seed capital funding was used for essential works relating to utilities and building a key access road for the site. These enabled Portsmouth City Council to build the units ahead of need, so they were ready for tenants as soon as they required them.

Six units are now occupied by businesses like Biopure, Percussion Play and Inchcape UK who are delivering on the Freeport's goal of creating quality jobs for local people. The final unit is under offer and expected to be occupied shortly, meaning that Phase 1 will soon be fully let.

Regeneration of Teesworks site



Teesside Freeport used £21.5 million of seed capital funding to accelerate the remediation of 130 hectares of heavily contaminated land on Teesworks, Europe's largest brownfield site. The site was formerly home to the Redcar Steelworks and was at the core of the region's iron and steel-making heritage. Its closure in 2015 ended 170 years of steelmaking in Teesside, resulting in the loss of 3,000 jobs. But it is now at the centre of the region's re-industrialisation, as an emerging hub for the low-carbon sectors of the future. Teesside Freeport has already attracted £1.5 billion in investment, including SeAH Wind's £950 million investment in an offshore wind manufacturing facility, which will be the biggest of its kind in the world and will create around 2,250 jobs.

Parkside Link Road

Liverpool City Region Freeport is using £9 million to build an access road to its Parkside site, unlocking 5 million sq ft of development. The site includes the former Parkside Colliery and hopes to attract advanced manufacturing and logistics businesses.

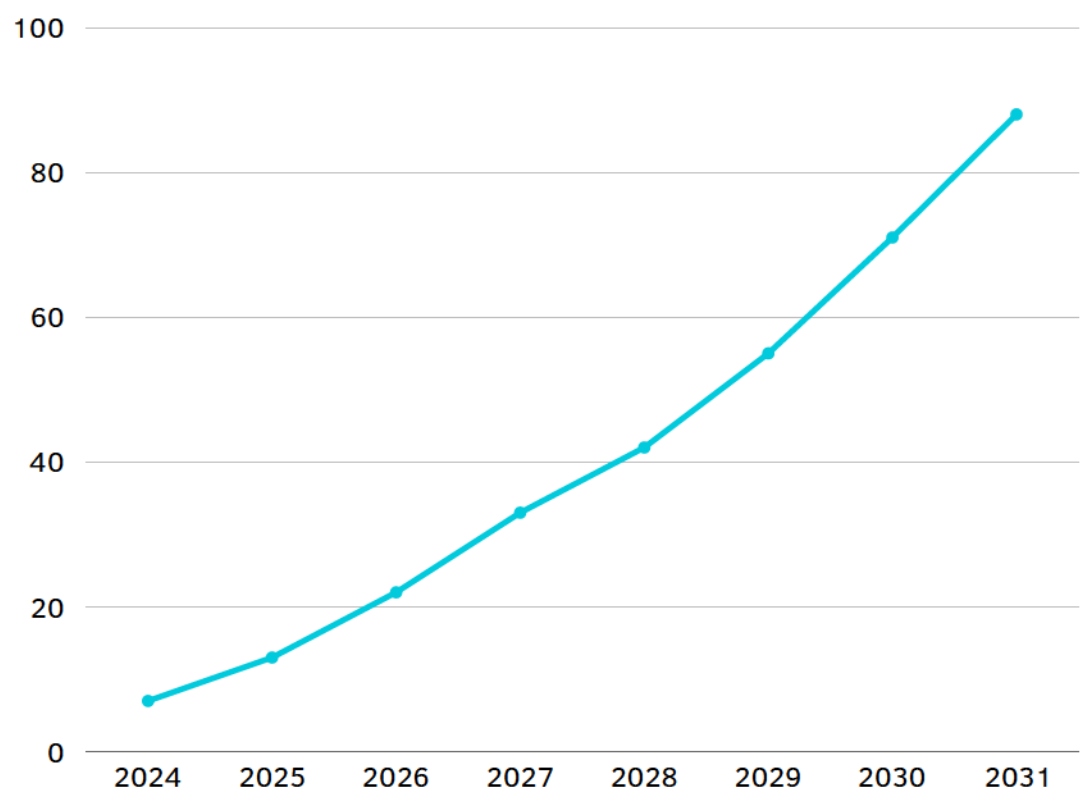
The link road will be key to making the Parkside tax site accessible from Junction 22 of the M6 motorway, taking goods traffic away from nearby roads including the A49 and reducing the impact on residential roads. The Parkside Link Road project has now completed with construction at the site expected to begin later this year.



Development progress of sites

Once enabling works and planning consents are secured, sites can be developed and ultimately occupied. Overall progress on tax sites across the Freeports has been steady, with some inevitable delays to timescales due to the difficult economic conditions in recent years. Construction has started on 28 projects across the 8 English Freeports (54% of all projects) but can, for the most complex projects, take several years to complete. This is evidenced in the chart below, which sets out the development trajectory until 2031: development of sites is expected to rise significantly over the next seven years, with the majority of that forecast to come forward from 2026 onwards.

The total tax site area developed is expected to rise from an average of 25% in 2026 to 71% in 2030^Z across all the Freeports, underscoring the importance of the tax relief window extension from 2026 to 2031 in England, and 2034 in Scotland and Wales.



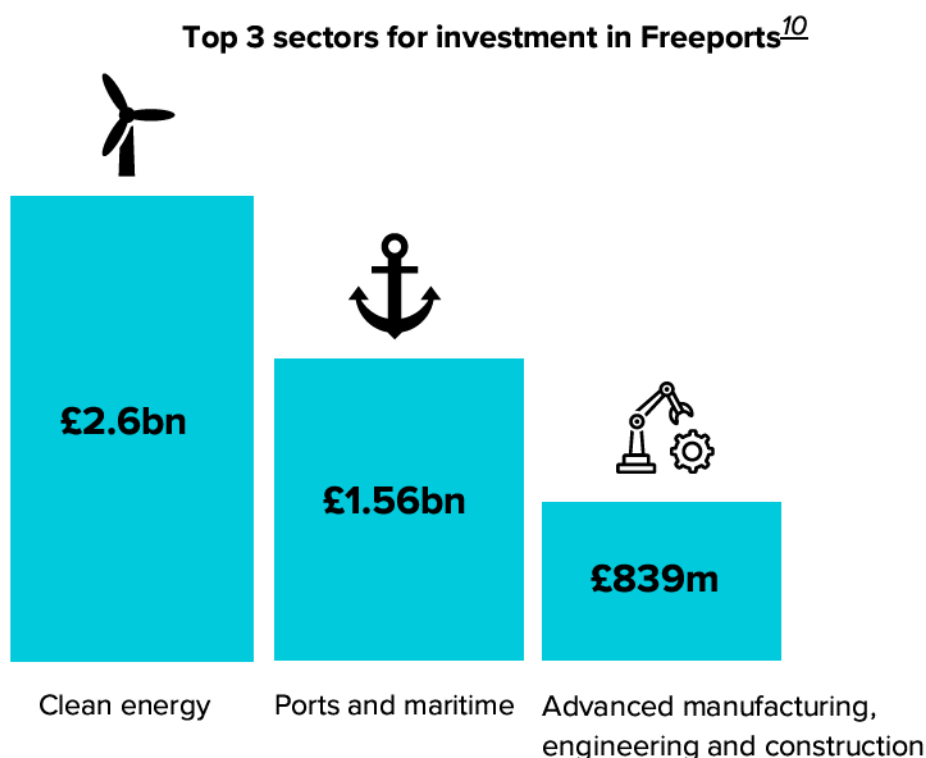
Freeports tax site development
(% of total hectares)

Chapter 3: Landing investment

Once sites have been prepared, the Freeports' key task is attracting business investment onto them, creating jobs and opportunities for people living locally. In the earlier stages of setting out their vision, each Freeport defined the sectors it would target, based on rigorous analysis of its regional strengths and potential to grow those industries. For example, the Humber is the most carbon-intensive region in the UK, responsible for roughly 40% of the UK's industrial emissions. It is now attracting major green investments such as Siemens Gamesa's £186 million wind turbine factory (located within the Freeport), a low carbon hydrogen production plant and a demonstration plant to convert carbon dioxide and green hydrogen into sustainable aviation fuel – all cementing Humber's position as an emerging clean energy hub.

Investment landed

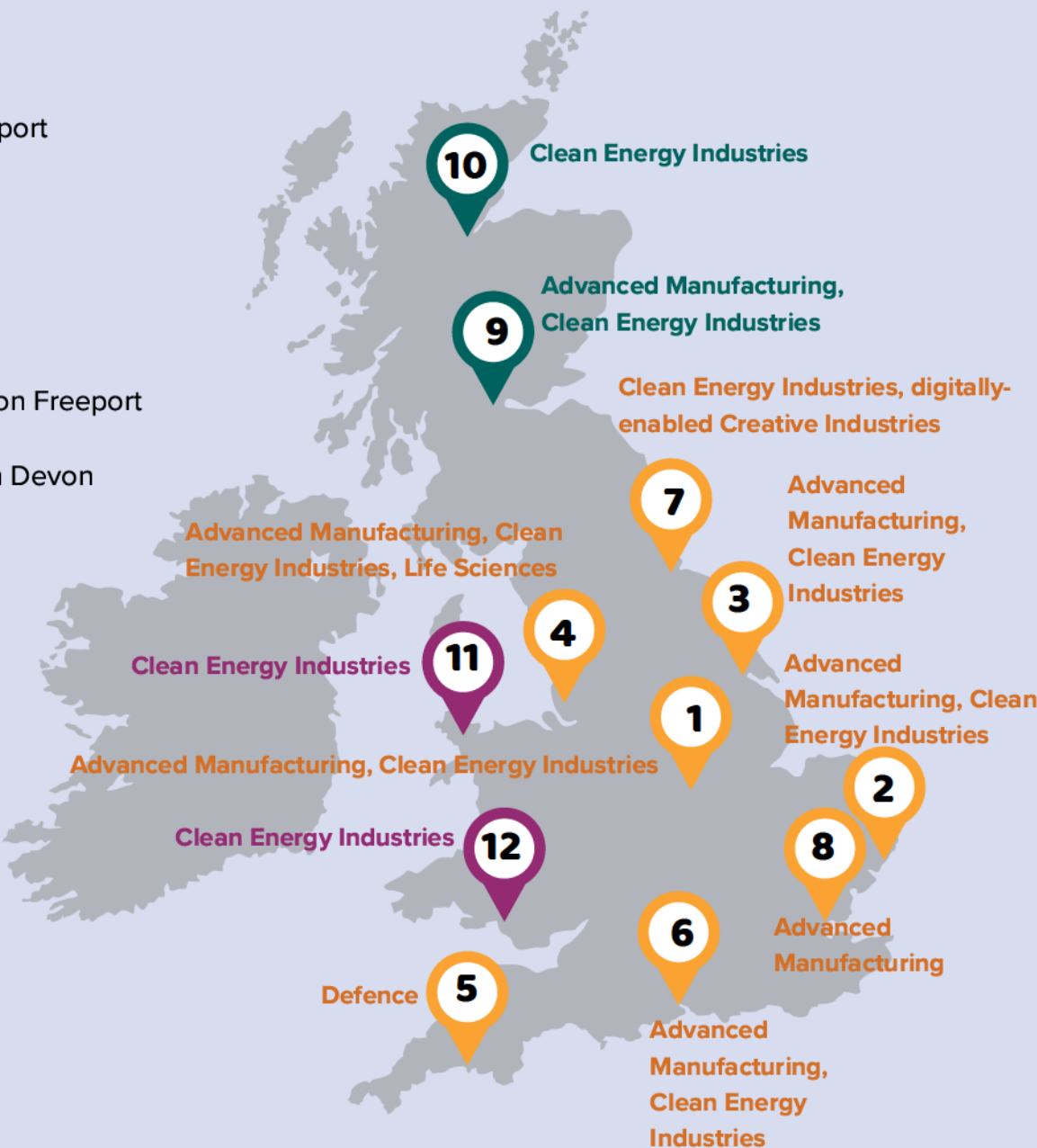
At the time of the last Programme Report, a small number of early investments had been announced. Since then, confirmed private investment in Freeports has grown to £6.4 billion⁸, which will create a total of 7,200 jobs (as many projects are yet to confirm jobs numbers, this figure is likely to end up being significantly higher). Freeports are playing a critical role in advancing the growth-driving sectors of the Industrial Strategy - of this total investment, a significant share has been in clean energy industries and advanced manufacturing. And 89% of the total investment attracted has come from overseas investors, demonstrating the international competitiveness of Freeports⁹.



UK Freeports: Industrial Strategy Sectors

English Freeports

- 1 East Midlands Freeport
- 2 Freeport East
- 3 Humber Freeport
- 4 Liverpool City Region Freeport
- 5 Plymouth and South Devon Freeport
- 6 Solent Freeport
- 7 Teesside Freeport
- 8 Thames Freeport



Scottish Green Freeports

- 9 Forth Green Freeport
- 10 Inverness and Cromarty Firth Green Freeport

Welsh Freeports

- 11 Anglesey Freeport
- 12 Celtic Freeport

Clean energy industries

Freeports have secured major investments in Clean Energy Industries. Building on their rich industrial heritages, pivoting to a cleaner future is a key point of focus for Freeports and Green Freeports across the UK.

Offshore Wind investments

In offshore wind specifically, Freeports have attracted several key investments, strengthening the current market capacity and creating resilience within the supply chain. These include:

- SeAH Wind investing £950 million in the Teesside Freeport to build an offshore wind manufacturing facility, which will create around 2,250 jobs (see page 16).
- Vestas has identified the Port of Leith as a possible location for a wind turbine blade manufacturing facility within the Forth Green Freeport.
- The Siemens Gamesa £186 million wind turbine factory within Humber Freeport (as mentioned on page 18).
- Sumitomo Electric UK Power Cables Ltd (SEUK) has committed to a £350 million Highland investment to establish major operations in the region, supplying high voltage cables to the growing offshore wind energy sector. Inverness and Cromarty Firth Green Freeport has been cited as a key factor in SEUKs decision and the project will stimulate significant economic activity and create around 330 jobs in Scotland.



Hydrogen

Freeports are also gaining a strong reputation for nurturing and strengthening the UK's hydrogen sector.

At Freeport East, work is underway to support the development of green hydrogen and clean fuels. The Freeport is using its understanding of the market to map demand across sectors and time horizons to provide information that investors can use, directly delivering new inward investment and good quality green jobs for the future. Scottish Power are aiming to invest £150 million in a green hydrogen facility in Felixstowe, while RWE have teamed up with Harwich-based Haltermann Carless to deliver new green hydrogen capacity to support industrial demand. And there has been strong interest from Australia and the Far East in the innovation sector, with Australian hydrogen storage innovator Rux Energy opening a new office in Harwich.



And at Forth Green Freeport RWE announced plans, in May 2024, to develop a ground-breaking green hydrogen project at Grangemouth. The project is scheduled to be operational by 2029 - potentially producing 3.6 tonnes of hydrogen per hour and helping to shape Scotland's hydrogen economy.

Advanced manufacturing

With their clear focus on innovation, Freeports are also ideal places for advanced manufacturing companies and have already attracted significant investments within this sector.

Assan Panel

Assan Panel will create a new sustainable building materials manufacturing facility at the Gateway 14 tax site in Freeport East, creating around 100 skilled jobs and bringing £45 million in investment.

This is Assan Panel's first move into the UK market, whilst also supporting new exports to northern Europe, and has been underpinned by the incentives available on Freeport tax and customs sites.



Mitsubishi

Mitsubishi Chemical Group UK Ltd, part of one of the world's largest chemical producers, has committed to invest £250 million in a new production line at Saltend Chemicals Park, which is located within one of the Humber Freeport tax sites.

This second production line, which will double Mitsubishi Chemical Group's capacity at the site, will create dozens of new jobs while also safeguarding the existing 130 roles. It will help to meet growing demand for SoarnoL, which is primarily used in food packaging to extend product shelf-life and which is more environmentally friendly than other synthetic materials. It is expected to become operational in 2026.



Defence

Freeports are well-placed to play an active role in supporting the Defence sector by catalysing the development of clusters and supporting local supply chains.

Plymouth and South Devon Freeport - Babcock International Group / M-Subs

Plymouth and South Devon Freeport has made defence and marine innovation a central focus for investment and cluster development. In early 2023, Babcock International Group secured a contract - in partnership with Devon defence firm Supacat - to build the Jackal for the British Army. Babcock have since developed an underutilised building in the Freeport's South Yard tax site for the project, leading to the creation of more than 100 jobs, including eleven local unemployed people moving into positions in the Jackal production operation as part of a skills programme for the project. Additionally, 50% of the supply chain is sourced from companies in the South West, further strengthening the defence cluster in the region.

More recently, in May 2025, the marine autonomy innovator M-Subs successfully delivered the Royal Navy's first uncrewed submarine 'Excalibur' - paving the way for how the UK could operate in the underwater battlespace. In 2023 M-Subs expanded its operations by leasing a facility within the Freeport's South Yard site, demonstrating the crucial role Freeports are playing in incentivising and enabling innovation and growth in high-potential sectors.



Photo credit: Royal Navy

Promoting Freeports to the world

In a competitive global market, it is vital that Freeports have the resources and capability to promote themselves effectively in their target sectors and markets. Freeport delivery teams are bringing together key local partners, and working with regional and national investment promotion bodies, to develop a compelling 'pitch' and take this to prospective investors around the world.

Examples of investment promotion activity

Freeports have been well represented each year at the annual **UK Real Estate Investment and Infrastructure Forum (UKREiIF)**, the UK's major real estate and infrastructure event which attracts over 16,000 attendees including investors, developers and occupiers. Each of the Freeports have been actively involved in promotion through regional partner stands, panel sessions, speaking slots and one-to-one business engagement, and Freeports were represented in 17 different sessions across the 3 days at the 2025 event.

Thames Freeport hosted an investment and innovation event in London for over 100 targeted stakeholders including investors and supply chain companies, to celebrate the Freeport's early success and promote the next stage of opportunity for businesses.

Freeport East participated in a clean energy mission to Turkey. The mission, which was supported by the Department for Business and Trade (DBT) Turkey, enabled Freeport East to generate several positive relationships during the programme, resulting in a substantial investment pipeline from the region in the renewable energy and manufacturing sectors.

Liverpool City Region Freeport partnered with DBT to attend the World Free Zone Conference in Dubai, followed by a dedicated Freeport presence at the Arab British Business Council (ABBC) annual event. Liverpool City Region have built strong relationships with a range of international freezones, including signing an MoU with counterparts in Jamaica. The Freeport was named as the Rising Star in the Global Free Zones of the Year awards for its focus on 'the creation of highly skilled jobs, R&D initiatives, and the highest sustainability standards'.

Plymouth and South Devon Freeport participated in a range of activities at London International Shipping Week to promote opportunities in their target sector of maritime innovation and manufacturing, and attended and presented at a range of local, regional and national events and industry/sector led conferences including: UKREiIF, Global Offshore Wind, Farnborough Air Show, defence industry event DSEI, PortComms23, local Chamber events and Ocean Tech Expo.

This Freeport-led promotional activity is supported by engagement and marketing through the UK Government's **international networks and communications campaigns**. These have included a promotional campaign under the **UK Freeports: Open for Business** banner, reaching thousands of international businesses in major target investment markets and sectors, including offshore wind, hydrogen, maritime and advanced manufacturing.

DBT has also represented UK Freeports at a range of investor facing events, to promote the UK Freeports initiative globally and provide a platform for Freeports to engage directly with prospective investors. A **UK Freeports Pitchbook** has also been created as a universal investor-facing brochure to explain the Freeport offer and opportunity for businesses at events and engagements. Events have included the UK's Global Investment Summit, London International Shipping Week, the World Hydrogen Summit and real estate events MIPIM and UKREiF.

Delivering a compelling offer to investors



The communities in and around Thames Freeport face various challenges, with all three local authority areas encountering high levels of deprivation and a labour market characterised by lower levels of skill attainment. The region, however, also encompasses strategically significant sites including the Ford Dagenham plant and global ports at DP World's London Gateway and Forth Port's Port of Tilbury (London Gateway and Port of Tilbury are expanding terminal capacity).

The Freeport recognised a major opportunity to capitalise on the region's strengths and deliver a brighter economic future through the incentives it could offer to businesses; but it also knew it needed a compelling proposition – drawing together sites and partners across the Freeport – to attract investors. The Freeport put an early focus on building its trade and investment function, hiring an experienced lead to deliver the work and coalescing the local coalition of partners around a shared narrative.

This enabled the Freeport to leverage extensive professional networks (such as the UK India Business Council), engage in strategic overseas missions and trade shows, build partnerships with trade organisations and develop a strong brand identity. These concerted efforts have successfully captured the attention and investment interest of a diverse range of global investors, helping Thames Freeport to generate £1.5 billion of private sector investment and create 1400 jobs in the first two years, with significant further investment in the pipeline.

Chapter 4: Creating clusters and driving local economic growth

Attracting investment onto tax sites is a necessary step in Freeports achieving their goals, but this does not in itself guarantee durable, long-term growth for their regions. This depends on a concerted effort to deliver spillover benefits from this investment for local workers, communities, and businesses. Freeports' strategies are holistic plans for doing so. They detail how local partners will ensure the right skills and training programmes are available, so that local people can benefit from the jobs that are being created and so there is a talent pipeline for businesses locating there. They also outline plans for setting up innovation hubs and partnerships, particularly involving local small and medium sized enterprises (SMEs), so they can benefit from and contribute to the development of a new economic cluster.

And these clusters have significance at the UK level: they are focused on many of the key sectors of the future, including those identified by our modern Industrial Strategy, that will drive national growth and the UK's journey to becoming a clean energy superpower.

Investing in the local workforce

Whether it is a long history of steelmaking or a rich heritage in coal mining, Freeport regions have strong industrial roots. As a result, they have also suffered disproportionately from industrial decline. For example, areas around sites in the Celtic Freeport are among the 10% most deprived in Wales¹¹. And areas located near the Plymouth South Yard tax site are amongst the 1% most disadvantaged in England, representing some of the city's most entrenched pockets of deprivation. Yet with the underlying physical infrastructure, skills base, and geography to sustain heavy industry, they are also well-positioned to capitalise on the next wave of industrialisation, particularly in green energy sectors.

There are several examples of this transition already taking place, with a clear focus on ensuring local people are the ones who help to bring about and benefit from this change.

East Midlands Freeport: Future Energy Skills Hub

The closure of Ratcliffe-on-Soar Power Station in September 2024 - located within the East Midlands Freeport - marked the end of nearly six decades of coal-fired energy production in the region. As part of the region's vision to be a leader in decarbonisation, the Freeport has invested more than £2 million in the Future Energy Skills Hub (FESH), a major training programme aimed at developing the talent needed for clean energy production in the area. FESH will be led by the East Midlands Institute of Technology and will provide higher technical skills in advanced manufacturing and clean energy from September 2025. The aim is to train approximately 400 learners (both new technical learners and in-work learners) up to and including 2028.



Teesside Freeport: Teesworks Skills Academy

Teesside, once the centre of British iron and steel-making, is becoming a major hub for clean energy investment and now has the Teesworks Skills Academy, which plays a crucial role in supporting local employment. The academy links jobseekers, local employment hubs and skills providers to create a world-class workforce for the future, equipped with the expertise local businesses will need to grow and succeed.

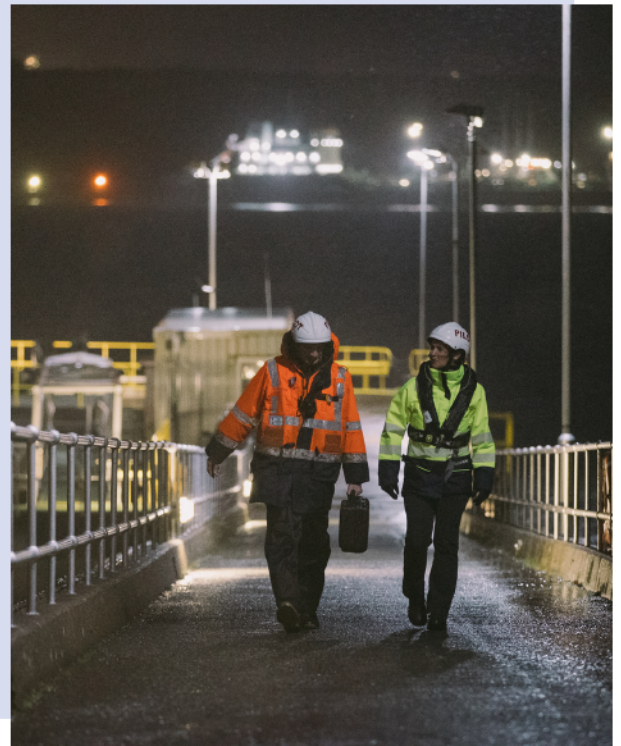
The Academy offers unique access to a complete network of employment and training providers across the Tees Valley with a broad range of specialisms relevant to Teesworks requirements.

Collectively, the partnership can deliver learning from entry level through to specialist industry skills creating a clear career pathway from school to retirement. The academy also has access to a broad range of funding sources to support industry with recruitment and upskilling of current staff.

Celtic Freeport: Port Talbot skills partnerships

In Port Talbot, the Celtic Freeport is forming partnerships with local Universities and Colleges to support teaching around the potential of the floating offshore wind sector and to provide training in the skills required for jobs in the sector. This comes as an improved deal agreed between the Government, Trade Unions and Tata Steel - who are restructuring their operations to move from coal based production to electric arc furnaces in the town - will offer staff a comprehensive training package.

As the area increasingly focuses on offshore energy, these education, training and skills partnerships will be vital in highlighting opportunities for the future as the sector becomes a significant local employer and a central part of the local and broader South Wales economy.



Plymouth and South Devon Freeport: SWAP initiative

Plymouth and South Devon Freeport tenant Babcock International Group has developed a Skills-based Work Academy Programme (SWAP) to support people back into employment. SWAPs are a Department for Work and Pensions initiative, available in England and Scotland, to help employers with immediate and future employment needs by upskilling benefit claimants to fill local job vacancies.

Babcock have hosted two five-day comprehensive SWAP training programmes that have included health and safety qualifications, wellbeing in the workplace, mindset coaching and support in finding employment as well as a tour of Babcock's new production facility in the Plymouth and South Devon Freeport's South Yard tax site and an insight into the Jackal project. This initiative has resulted in 11 people from the SWAP being hired by Babcock.

Innovation as the lifeblood of Freeports

Operating at the forefront of new and emerging industries, and with the support of government and regulators, Freeports are ideal locations for innovative businesses to partner and experiment. In particular, they offer smaller businesses the chance to work with flagship investors and take advantage of supply chain opportunities and wider Freeport initiatives such as innovation hubs, funds and partnerships. The majority of English Freeports have now established and continue to evolve their local innovation offer to businesses, which is supported by funding and expert advice from central government.

Examples of Freeport innovation initiatives

Thames Freeport: Smart City Pilot Project

Thames Freeport ran a Smart City pilot project in March 2024 as part of the Freeport’s Innovation programme. The pilot aimed to test digital innovations in areas such as healthcare, waste management and construction, bringing benefits to both businesses and the people who use the services. In partnership with the Seoul Digital Foundation, five innovative solution providers were selected from Seoul to co-locate in the London Borough of Dagenham for 2 weeks, with a support programme delivered by Connected Places Catapult. It enabled them to run several trials for placemaking challenges identified by the borough, leading to a visit to Thames Freeport by 20 Korean innovators, backed by Korea’s largest start-up accelerator.

As a result of the pilot, opportunities have opened up in the Korean market, with several large Korean businesses expected to visit in the coming year. Additionally, two Seoul districts have confirmed support and funding for UK innovators to co-locate in Seoul in an exchange programme. The Freeport has learnt valuable lessons in running future Smart City exchange programmes, including how to raise awareness among international SMEs and UK businesses to engage them for future iterations.



East Midlands: Net Zero Carbon Innovation Centre

East Midlands Freeport is using over £5 million of seed capital funding, alongside £11.35 million of match funding from university partners, to establish its East Midlands Net Zero Carbon Innovation Centre. The centre will be delivered by the University of Nottingham in partnership with Loughborough University and will provide the necessary technology and laboratories to progress research in electrification, hydrogen, net zero propulsion systems, and advanced manufacturing for industry use.

It aims to support 300 businesses and to accelerate world-leading zero-carbon research and infrastructure across the East Midlands, translating them into scalable commercial solutions.



Teesside Freeport: Digital Trade Testbed

£3.5 million of Freeport seed capital funding is being used to create the Digital Trade Testbed in Teesside Freeport. The project will test pioneering digital solutions to make it easier to carry out digital trade transactions, while maintaining security. The 5G enabled site will provide research facilities and act as an incubator for technology-led start-ups to develop ideas in a safe and supportive environment. Construction has started on the project and is due to be ready this year.

The research facility will focus on 5G technology as well as Freeports and trade, taking abstract concepts and testing them in a physical and virtual world simultaneously. It will verify emerging technologies in the new digital trade space and provide SMEs with the chance to participate in the development of inclusive digital trade.

Anglesey Freeport: Low Carbon Centre of Excellence

Anglesey and North Wales are home to significant innovation infrastructure and expertise dedicated to advancing the low carbon energy sector. M-SParc, who are on the path to become the UK's first Net Zero science park and with its current site at full capacity, are now developing a dedicated Low Carbon Centre of Excellence to drive further research and development, boost local supply chain opportunities, and attract new inward investment.

The £10 million facility will be supported by £3 million of Freeport seed funding, and will build on the region's strengths in green energy innovation. As part of the Anglesey Freeport, M-SParc will benefit from enhanced planning flexibilities and tax incentives, enabling the rapid development of an additional 20,000m² build out on the Science Park. This will help attract high-value industries and investors who may not previously have considered investing in the region.

The Low Carbon Centre of Excellence exemplifies how Freeport status can accelerate strategic growth, strengthen regional innovation ecosystems, and contribute to the UK's Net Zero ambitions.



The Freeport Innovation Network

The Freeport Innovation Network (FIN) was established in 2022, in partnership with Connected Places Catapult, Innovate UK Business Connect and Maritime UK, to support the twelve UK Freeports in the delivery of their innovation objectives, ensuring long term growth for businesses and communities. The FIN seeks to prevent duplication between the Freeports by identifying areas of synergy and collaboration. Over the last three years the FIN has acted as a critical friend and neutral convenor sharing expertise, knowledge and best practice.

- Amplifying Freeports at events on a local, national and international scale including MIPIM, UKREiiF, Smart City Expo World Congress and Connected Places Summit.
- Delivering a Freight Industry Hackathon with the Freight Innovation Cluster, funded by the Department of Transport, with Freeport East and Clacton Coastal Academy. Planning a Maritime Freight hackathon with Humber Freeport & Greater Lincolnshire Careers Hub for 150 students to share future career prospects and opportunities on their doorstep.
- Introducing to international investors, venture capitalists, angels, organisations wanting to invest and / or locate in the Freeports.
- Connecting SMEs and new technologies with Freeports who provide solutions to Freeport challenges.

Chapter 5: Early understanding of overall impact

This report has outlined the significant early progress that Freeports have made. A key question for any place-based economic policy, however, is the extent to which it is able to generate additional impacts, rather than simply displacing economic activity from elsewhere in the country or supporting activity that would have happened in the absence of intervention. The Centre for Cities, for example, concluded in 2019 that 34% of jobs created by the Enterprise Zones programme were displaced from elsewhere¹².

This has been a key consideration throughout the design and delivery of the Freeports policy, with a number of steps taken to ensure they deliver higher levels of additionality than Enterprise Zones:

- The Freeport incentives have been designed to specifically support new investment. For example, the Employer National Insurance Contributions relief applies only on new employees.
- Freeports are focused on primarily attracting foreign direct investment and investment from nascent sectors, which are less likely to already be established in the UK and therefore less likely to be displaced. Of the investment attracted by Freeports to date, 89% has been classified as foreign direct investment, a far higher proportion than seen in Enterprise Zones.
- Freeports have been required to complete a robust business case process, through which the government has verified the additionality of Freeport proposals.

To assess the likely economic impact of Freeports - taking into account any potential displacement - MHCLG commissioned Arup to conduct initial analysis. This analysis projected that the 8 English Freeports would create around 60,000 new and additional jobs (net direct jobs) and support an additional 42,000 jobs across the supply chain. This would support a total of around £6.6 billion per year in GVA¹³. This demonstrates the role Freeports have to play in delivering on our mission to grow the UK economy. Scottish Green Freeports and Welsh Freeports will be incorporated into this analysis once they have completed the business case process, and the initial analysis is being refined through more detailed modelling carried out by Cambridge Econometrics.

Annex

Programme Governance, Monitoring and Assurance

Programme level governance

The government has established robust internal governance and delivery structures for the Freeports Programme to ensure accountability and effectiveness.

The Programme is overseen by the UK Freeports Programme Board, which provides strategic oversight and direction, ensures cross-departmental accountability, and maintains alignment between the Freeports Programme and other relevant policy areas.

The UK government is working collaboratively with the Scottish and Welsh Governments on joint delivery of the Programme. The programme is overseen by the Green Freeport and Investment Zones Programme Board and the Welsh Freeport Programme Board in Scotland and Wales respectively.

The Freeports Programme, as a Government Major Programme, is subject to additional oversight and scrutiny from the National Infrastructure and Service Transformation Authority (NISTA). NISTA provides expert project delivery advice, support and assurance to government departments. They work with industries to ensure efficient delivery of projects and their performance improvements over time. NISTA publishes the annual reports provided by the Freeports programme.

The NISTA assurance reviews are expected to run concurrently throughout the duration of the implementation of the Freeports programme. The most recent review concluded in October 2024 and the programme received an amber rating.

Monitoring and evaluation

Year 2 and 3 update

The government understands that, as a novel programme, Freeports need to be carefully monitored and evaluated to understand their impacts and learn lessons from delivery. We have developed a robust Monitoring and Evaluation (M&E) approach and are beginning to gather early insights.

In 2023/24 and 2024/25, the Freeports M&E focused on conducting monitoring and qualitative research to understand implementation progress. The following outputs were delivered:

- An updated M&E framework, including adaptations to accommodate Scottish Green Freeports;
- A baseline monitoring report for the Scottish Green Freeports;
- Welsh Freeport baseline: analysis of socio-economic statistics;
- An economic impacts assurance technical note;
- An economic impact model: including impact of jobs creation across sectors in line with Freeport plans, on sub-regional/ regional/ national economies accounts for accountability, supply chains and labour market interactions.
- Two comprehensive monitoring reports setting out key findings from the monitoring returns collected every six months;
- One integrated report drawing from all monitoring and evaluation workstreams;
- Qualitative Comparative Analysis (QCA): Factors that explain progress across English Tax Sites;
- System Readiness Framework: to explain early progress and the most important pre-requisites to achieve progress;
- Typology: classification of sites to explain progress.

Next steps for monitoring and evaluation

M&E activities in 2025/26 will continue focusing on evaluating the implementation and delivery of key activities required for the operationalisation of the Freeports. Accordingly, M&E activities are likely to focus on short-term outcomes and, depending on the progress achieved by the English Freeports, the activities will also be extended to capture medium-term outcomes.

Additional M&E activities in 2025/2026 will include monitoring of Scottish Green Freeports and Welsh Freeports as they move from the setup phase into delivery proper.

Footnotes

1. The information and analysis have been drawn from the English Freeports Tax Extension Delivery Plans submitted in February 2024. Findings presented in this report are based on an understanding of risk derived from the information provided within the plans and site delivery discussions / updates gained through the tax extension process.

2. The information and analysis has been drawn from the English Freeports Tax Extension Delivery Plans submitted in February 2024. Findings presented in this report are based on an understanding of risk derived from the information provided within the plans and site delivery discussions / updates gained through the tax extension process.

3. Business and Trade Committee Inquiry Performance of investment zones and freeports in England ([parliament.uk](https://www.parliament.uk)).

4. The information and analysis has been drawn from the English Freeports Tax Extension Delivery Plans submitted in February 2024. Findings presented in this report are based on an understanding of risk derived from the information provided within the plans and site delivery discussions / updates gained through the tax extension process.

5. The information and analysis has been drawn from the English Freeports Tax Extension Delivery Plans submitted in February 2024. Findings presented in this report are based on an understanding of risk derived from the information provided within the plans and site delivery discussions / updates gained through the tax extension process.

6. Freeports Monitoring and Evaluation Spring 2024 monitoring data

7. The information and analysis has been drawn from the English Freeports Tax Extension Delivery Plans submitted in February 2024. Findings presented in this report are based on an understanding of risk derived from the information provided within the plans and site delivery discussions / updates gained through the tax extension process.

8. Figures are a combination of Foreign Direct Investment projects which have landed in the UK published at <https://www.gov.uk/government/statistics/dbt-inward-investment-results-2023-to-2024>, public commitments from foreign companies for future investments, and public announcements from domestic businesses. Jobs and values have been provided by companies. The figures cover the period from December 2021 to October 2024 and are correct as of 31st October 2024.

9. Department for Business and Trade investment data

10. In terms of the sectors, Advanced manufacturing, engineering and construction encompasses anything categorised as advanced engineering, aerospace, defence, chemicals, mining and construction. Clean energy encompasses anything classed as renewable energy, alternative fuels or waste to energy. And Ports and maritime encompasses anything classed as port infrastructure, marine or maritime.

11. Welsh Index of Multiple Deprivation: 2019

12. In the zone? Have enterprise zones delivered the jobs they promised? | Centre for Cities

13. Arup's Freeports Economic Impact Analysis October 2024