



Department for Levelling Up, Housing & Communities

Rt Hon Michael Gove MP
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Liam Byrne MP
Chair, Business and Trade Committee

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Dear Liam,

Thank you to the Committee for the constructive discussion with members on 10 January 2024, regarding the performance of Freeports and Investment Zones. I committed to come back to you with further information on Freeport investments, transparency requirements, and wider Levelling Up measures. I will address each of these points in turn.

Freeport Investments and Jobs to date

I advised the Committee that Freeports have already attracted a remarkable £2.9 billion of investment, creating over 6,000 jobs. Specifically, the Committee have asked for the following:

- Foreign Direct Investment (FDI) and domestic investment by Freeport
- Total investment by Freeport (not split by FDI)
- Current employment by Freeport

Sum of Capital expenditure (millions)	Type of investment		
	Domestic	International	Grand Total
Row Labels			
East	200	150	350
East Midlands		175	175
Humber		516	516
Inverness and Cromarty Firth		200	200
Liverpool City Region		22	22
Solent		15	15
Teesside	500	602	1102
Thames		475	475
Grand Total	700	2155	2855

Figure 1: Investments attracted by Freeports between December 2021 to November 2023, in the public domain.

This breakdown presents the investment projects within each Freeport, contributing to the £2.87 billion in attracted investment. The provided figures are based on publicly available investment data, excluding projects without precise investment values disclosed. Consequently, the sum of investment for a given Freeport may be lower than the actual total, considering ongoing efforts to secure additional investments that may not be reflected in the table because of commercial sensitivities.

Regarding job figures, the Department for Business and Trade has compiled a summary of job numbers associated with the investments contributing to the £2.87 billion attracted. This summary is based on publicly available information. In instances where job figures are not publicly disclosed, they have not been included in the count; therefore, three Freeports in England have not been included in the table as there is currently no publicly available data. Consequently, there may also be variations in job figures for individual investments where specific data is unavailable.

Freeport	Sum of Jobs – public
Freeport East	1650
Humber Freeport	770
Inverness and Cromarty Firth Freeport	150
Plymouth and South Devon Freeport	20
Teesside Freeport	2150
Thames Freeport	1000
Grand Total	5740

Figure 2: Jobs created by investments listed in figure 1 where information is in the public domain.

Transparency and publication of key documents

Transparency and accountability are paramount in the governance of Freeports, and my Department has established comprehensive guidance to ensure these principles are upheld. Key documents, such as the Freeports Bidding Prospectus, Full Business Case guidance, and the Freeports Framework, outline the requirements on Freeport governance structures, including adherence to the Nolan Principles to ensure transparent, inclusive decision-making.

Crucially, each Freeport is administered by a public-private governing body, with local authority members providing democratic accountability for the actions of the Freeport. A named local authority is also empowered as the ‘Accountable Body’ for the Freeport, with oversight of the management of all public funds for the Freeport and the good, transparent functioning of the governing body.

My Department has been clear that Freeports must uphold high standards of transparency, including publishing board papers and minutes and, following their approval, the Freeport’s Full Business Case and Memorandum of Understanding with the Government. There are three FBCs and two MoUs currently available online, and

it is worth noting that some of these agreements have only just been finalised and Freeports are presently in the process of publishing them. My officials have recently reiterated these requirements to Freeports, asking any Freeports that are not currently compliant to rectify this without delay and reminding them that the Government reserves the right to apply sanctions in line with the Freeports performance management framework if a Freeport is falling short of the high standards of transparency that we have set.

Levelling up ‘toolkit’

The Levelling Up White Paper set out 12 ambitious missions to provide consistency and clarity over levelling up objectives. These serve as an anchor for policy across Government, as well as a catalyst for innovation and action by the private and civil society sectors. These missions cover: Living Standards; R&D; Transport; Digital Connectivity; Education; Skills; Health; Well-being; Pride in Place; Housing; Crime; and Local Leadership. As a result, the Levelling Up agenda spans multiple policy areas, and a wide number of Government Departments are responsible for its delivery. It is therefore a whole of Government effort, rather than something delivered by any single specific policy or fund.

Alongside Freeports and Investment Zones, some of the specific policy levers for delivering levelling up include, but are not limited to, the following:

- **Devolution**, which is essential for ensuring empowered and accountable local leaders who can drive growth, innovate, and respond to the specific challenges and needs of their areas. This Government is committed to extending, deepening, and simplifying devolution in England. Since 2022, nine new devolution deals have been announced, as well as two trailblazer deals to deepen existing settlements.
- **The Long-Term Plan for Towns** supports 55 towns across England, Scotland and Wales to take the long term, local decisions to improve their area, such as regenerating local high streets and town centres, or securing public safety. The UK Government announced £1.1 billion to support this in Autumn 2023.
- **Levelling Up Partnerships** were announced at the 2023 Spring Budget, provide £400 million for bespoke place-based regeneration in twenty places in England that are most in need of levelling up. At the 2023 Autumn Statement, this was expanded to four places in Scotland.
- **The Levelling Up Fund** has invested in infrastructure that improves everyday life for local residents across the UK, focusing on regenerating town centers and high streets, upgrading local transport, and investing in cultural and heritage assets. £4.8 billion has been allocated to 271 projects across three rounds.
- **The UK Shared Prosperity Fund** provides £2.6 billion of new funding for local investment by March 2025, with all areas of the UK receiving an allocation from the Fund via a funding formula rather than a competition.
- **Network North** - this £36 billion plan will improve journey times, increase capacity, frequency, and reliability for journeys across rail, buses, and roads. This will connect more people to jobs, by delivering products to markets and as a result support supply chains as well as domestic and international trade.

- **The Renters (Reform) Bill** has now passed Commons Committee Stage and will deliver the Government's commitment to 'a fairer private rented sector' including by applying the Decent Homes Standard (DHS) to the private rented sector for the first time.
- **The Mortgage Guarantee Scheme** increases the availability of 95% loan-to-value mortgage products, enabling more households to access mortgages without the need for prohibitively large deposits.
- **Project Gigabit** is the Government's flagship £5 billion programme to enable hard-to-reach communities to access lightning-fast gigabit-capable broadband.
- **The Wireless Infrastructure Strategy**, published in April 2023, sets out our new nationwide ambition to deliver high-quality, standalone 5G to all populated areas by 2030. It emphasises our unwavering commitment to extending 4G coverage to 95% of the UK's landmass through the Shared Rural Network programme.
- **Public Investment in Research and Development (R&D)** – by 2030, domestic public investment in R&D outside the Greater Southeast will increase by at least 40%.
- **Innovation Accelerators** – this £100 million programme is pioneering a new model of R&D decision-making that brings together local leaders, industry, and research organisations to accelerate the growth of three innovation clusters – Glasgow City Region, Greater Manchester, and West Midlands. The programme is investing in 26 transformative R&D projects to harness innovation in support of regional economic growth.
- **Local Skills Improvement Plans** provide an agreed set of actionable priorities that employers, providers and other stakeholders in a local area can get behind to drive change. 38 such plans have been approved and are now being implemented by the designated Employer Representative Bodies. These are complemented by £165 million of funding to collaborations of Further Education Providers to develop new provision in response to local priorities.
- **Education Investment Areas** provide place targeted support to 55 areas where attainment is weakest, with additional intensive investment in 24 Priority Education Investment Areas.
- **The Anti-Social Behaviour Action plan**, including hotspot policing and Immediate Justice pilots, in some of the areas most affected by Anti-Social Behaviour.

Alongside these specific policy initiatives, we are improving how Departments work together across central Government, with clear accountability through named individuals taking responsibility for progress on each mission, and structures to enable joint working. Key elements of the cross-Government Levelling Up toolkit include:

- **The Inter-Ministerial Group (IMG) on Levelling Up**, which I Chair. This was established by the Prime Minister to drive progress on Levelling Up across Government through the lens of Place and Missions.
- **The Levelling Up Advisory Council** is an expert body which provides the Government with independent research and advice to inform the design and delivery of Levelling Up policy.
- **The Freeports Delivery Roadmap** - a comprehensive set of measures which Government will implement to accelerate Freeport delivery and maximise its

benefits for all: we are doubling down on our efforts to promote Freeports to investors, we are making sure those investors have as smooth a journey through the planning system as possible, and we are stepping up our support to ensure Freeports deliver positive impacts for local people, for the long term.

I would also like to take this opportunity to clarify the other matters discussed in the Committee session, particularly in relation to the Teesside Freeport and the number of jobs Freeports have projected they will create.

Teesside Freeport and the separate inquiry into Teesworks

An evident area of interest for the Committee was the inquiry into Teesworks and I want to take this opportunity to clarify that the inquiry did not relate to Teesside Freeport, which is a distinct entity. There seems to have been some conflation of the two.

To reflect accurately the Freeports programme, however, it is important to be clear that:

1. Unlike Teesworks, Teesside Freeport is not a legally constituted company. It does not own land, does not have shareholders, and is not a for-profit venture.
2. The inquiry is scrutinising a deal that predates the existence of Teesside Freeport. The change in ownership, is also a separate matter falling under the governance of Teesworks, not the Teesside Freeport.
3. The governance of Teesworks and Teesside Freeport are separate, and the two entities are operationally independent. Decisions relating to Teesside Freeport are taken by the governing body, comprising a wide range of local public and private sector partners, and overseen by Tees Valley Combined Authority as Accountable Body.
4. The governance of Teesside Freeport, and the management of all funding for the Freeport (which is paid exclusively to Tees Valley Combined Authority), are subject to the same comprehensive reporting and assurance requirements as all other Freeports.

The independent panel's report has now been published and found no evidence of illegality or corruption. Instead, it highlighted the positive economic impact of regeneration, and recommended improving governance and transparency.

Job estimations and trajectory

The Freeports programme was created with the main goal of generating jobs and revitalising communities throughout the UK. Freeports, in their bid submissions, outlined their strategies for achieving this goal and provided initial estimates for the number of new jobs they expected to create. These projections, specific to England, were refined during the development of the business case, and the details can be found in the Freeports annual report.

The projected job numbers are intended to come to fruition over the next 20 years, recognising that different Freeports based their forecasts on their unique strengths and strategies. Since the initial projections, there have been significant changes

affecting the programme, including economic challenges and the extension of tax benefits. To assess the programme's progress toward its targets, a robust Monitoring and Evaluation (M&E) framework has been established which will closely examine the actual outcomes compared to the forecasts, providing valuable insights into the performance of Freeports.

Despite these dynamic factors, there is already concrete evidence of the Freeports initiative delivering on its commitment to job creation. Over 6,000 jobs have been confirmed, and this number is expected to grow substantially as more sites become ready for investment. It is worth noting, as above, that this figure is likely an underestimate, highlighting the positive trend of job opportunities within Freeport communities.

Looking ahead, the Freeports programme, supported by a generous 25-year business rates relief*, is positioned to have a lasting and positive effect on employment prospects. The initiative remains dedicated to fostering economic growth, providing training and employment, and significantly contributing to the prosperity of the communities it serves. I look forward to updating the Committee on the progress of the programme as it grows and develops.

With every good wish,

A handwritten signature in black ink, reading "Michael Gove". The signature is written in a cursive, flowing style.

RT HON MICHAEL GOVE MP

*Secretary of State for Levelling up, Housing and Communities
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* The Department subsequently wished to clarify that this number should in fact be 5-10 years, and the 25 years relates to retention.