

Date	Document	Respondent	Recipient	Availability
10 June 2020	Ministerial Letter	Mr Ivan McKee, Minister for Trade, Investment and Innovation, Scottish Government	The Rt Hon Steve Barclay MP Chief Secretary to the Treasury, UK Government	Attached
20 November 2020	Ministerial Letter	Mr Ivan McKee, Minister for Trade, Investment and Innovation, Scottish Government	The Rt Hon Steve Barclay MP Chief Secretary to the Treasury, UK Government	Attached
23 December 2020	Ministerial Letter	Mr Ivan McKee, Minister for Trade, Investment and Innovation, Scottish Government	The Rt Hon Steve Barclay MP Chief Secretary to the Treasury, UK Government	Attached
27 February 2021	Ministerial Letter	Mr Ivan McKee, Minister for Trade Innovation and Public Finance	The Rt Hon Steve Barclay MP Chief Secretary to the Treasury, UK Government	The letter was published on 1 March and can be accessed here
5 March 2021	Ministerial Letter	Mr Ivan McKee, Minister for Trade Innovation and Public Finance	The Rt Hon Steve Barclay MP Chief Secretary to the Treasury, UK Government	Attached
12 March 2021	Ministerial Letter	Mr Ivan McKee, Minister for Trade Innovation and Public Finance	The Rt Hon Steve Barclay MP Chief Secretary to the Treasury, UK Government	Attached
24 March 2021	Ministerial Letter	Mr Ivan McKee, Minister for Trade Innovation and Public Finance	The Rt Hon Steve Barclay MP Chief Secretary to the Treasury, UK Government	The letter was published on the SG blog and can be accessed here
11 May 2021	Ministerial Letter	Mr Ivan McKee, Minister for Trade Innovation and Public Finance	The Rt Hon Steve Barclay MP Chief Secretary to the Treasury, UK Government	Attached
22 June 2021	Ministerial Letter	Mr Ivan McKee, Minister for Business Trade Tourism and Enterprise, Scottish Government	The Rt Hon Steve Barclay MP Chief Secretary to the Treasury, UK Government	Attached
30 June 2021	Ministerial Letter	Mr Ivan McKee, Minister for Business Trade Tourism and Enterprise, Scottish Government	Jesse Norman MP, Financial Secretary to Treasury, UK Government	Attached
2 July 2021	Ministerial Letter	Mr Ivan McKee, Minister for Business Trade Tourism and Enterprise, Scottish Government	Alister Jack, MP, Secretary for State for Scotland, UK Government	Attached
5 July 2021	Ministerial Letter	Mr Ivan McKee, Minister for Business Trade Tourism and Enterprise, Scottish Government	Alister Jack, MP, Secretary for State for Scotland, UK Government	Attached
15 July 2021	Ministerial Letter	Mr Ivan McKee, Minister for Business Trade Tourism and Enterprise, Scottish Government	Alister Jack, MP, Secretary for State for Scotland, UK Government	Attached
16 August 2021	Joint DA Letter	Mr Ivan McKee, Minister for Business Trade Tourism and Enterprise, Scottish Government. Alongside ministers from across the Devolved Administrations	The Rt Hon Steve Barclay MP Chief Secretary to the Treasury, UK Government	Attached
17 September 2021	Ministerial Letter	Mr Ivan McKee, Minister for Business Trade Tourism and Enterprise, Scottish Government	Alister Jack, MP, Secretary for State for Scotland, UK Government	Attached

T: 0300 244 4000
E: scottish.ministers@gov.scot

The Rt Hon Steve Barclay MP
Chief Secretary to the Treasury
1 Horse Guards Road London SW1A 2HQ
Action.CST@hmtreasury.gov.uk

CC:
Ken Skates MS
Minister for Economy and Transport
Correspondence.Ken.Skates@gov.wales

Diane Dodds MLA
Economy Minister
private.office@economy-ni.gov.uk

10 June 2020

Dear Steve,

I write to you with regard to the UK Government consultation on Free Ports, due to close on 13 July. Naturally, the primary focus of both the Scottish and UK Governments at the current time is addressing the COVID-19 public health emergency and the economic impact arising.

I can confirm that the Scottish Government is willing to continue a dialogue aimed at establishing whether the introduction of Free Ports in Scotland can help drive long term inclusive and sustainable growth. However, designation of any Free Ports in Scotland would be contingent on Scottish Ministers being confident that they would play an impactful role part in securing economic resilience and recovery in the medium to long term.

While the Scottish Government is happy to examine the potential of Free Ports, we remain of the opinion that the best interests of Scottish businesses and the promotion of international trade are best served by close alignment with the EU.

In taking forward a dialogue, I would highlight the following points as important to the Scottish Government:

- Potential design and implementation of Free Ports in Scotland must feature maximum devolution to Scotland in terms of decision making regarding number, location, design and implementation in order that they best align with the Scottish economy and our wider policy context;
- Any Free ports in Scotland should be designated in a manner that is complementary to our trading ambitions with the EU, our largest export market;
- Economic benefit to the Scottish economy from Free Port designation in Scotland would need to be additional, avoiding harmful displacement effects in other regions of Scotland; and,
- It is vital that the introduction of Free Ports would not dilute employee rights or compromise environmental standards and our climate change ambitions.

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In general terms, the Scottish Government requires more compelling evidence of the potential economic benefits arising from Free Ports, including the powers they offer. The consultation was relatively under-developed in that sense. However, I would be happy for our respective officials to discuss strengthening the evidence base as part of their wider collaborative discussion. Part of this must be a granular examination of how the anticipated tax incentives associated with Free Ports would affect overall revenue income in the Scottish context.

My officials will also continue a dialogue with business and other stakeholders in Scotland, with a view to ensuring that as wide a spectrum of opinion is considered. I have copied this letter to Ministerial colleagues in Wales and Northern Ireland.

I look forward to hearing from you.

A handwritten signature in black ink, appearing to read 'Ivan McKee', with a long horizontal flourish extending to the right.

IVAN McKEE

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www.gov.scot



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T: 0300 244 4000
E: scottish.ministers@gov.scot

The Rt Hon Steve Barclay MP
9 Downing Street
Whitehall
London
SW1A 2AG
Email: Action.CST@hmtreasury.gov.uk

20 November 2020

Dear Steve,

Freeports

Thank you for your letter of 11 November regarding freeports, and for sight of the Bidding Prospectus for freeports in England on Friday ahead of its publication on Monday.

This information allows us greater scope to assess the policy in more detail, helping us determine in which ways freeports could make a significant, positive contribution to Scotland's economic and wider priorities as part of the broader range of measures we have in place.

To further inform this assessment, we will shortly be conducting a survey of stakeholders in Scotland. This will seek detailed information from them on the value of current and potential place-based economic development incentives, including those forming part of the UK Government's freeports package, as well as similar existing initiatives such as Scotland's network of Enterprise Areas. The survey will be publicly available on the Scottish Government website. The results of this survey will be assessed in January 2021 to inform our response to the UK Government's freeports proposal.

I welcome your offer to meet as soon as possible and agree a further discussion with you would be helpful in the next few weeks.

I am particularly keen to explore with you how the freeport proposal could contribute to Scotland's economic priorities of sustainable, inclusive growth and our transition to a low-carbon economy. Fair Work sits at the heart of our ambition to move toward a wellbeing economy and is central to our economic recovery. I am keen to ensure, as I am sure you are, that freeports uphold the highest standards, particularly around fair work and the environment.

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In your letter, you mention the potential for cross-border bids. Although unlikely to affect Scotland due to the 45 km boundary, we would not commit to supporting such bids until we have decided on the right approach for freeports in Scotland, as it would not be fair on the other interested parties. If this scenario does occur, I would be grateful if I could be informed as soon as possible to help best determine a solution.

Kind regards,



Ivan McKee,
Minister for Trade, Investment and Innovation

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T: 0300 244 4000
E: scottish.ministers@gov.scot

The Rt Hon Steve Barclay MP
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ
Email: Action. CST@hmtreasury.gov.uk

22 December 2020

Dear Steve,

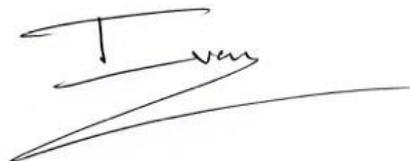
Freeports

Thank you for your letter of reply on 21 December. I welcome your proposal of a meeting in January to discuss freeports further, their impacts on Scotland, and, should the Scottish Government choose to host any, how they might be best implemented in Scotland.

I am particularly keen to explore with you how the freeport proposal could contribute to Scotland's economic priorities of sustainable, inclusive growth and making a just transition to a net zero economy. As set out in our recent inward investment plan, *Shaping Scotland's Economy*, Fair Work sits at the heart of our ambition to move towards a technologically driven, high value, wellbeing economy and is central to our economic recovery and renewal. Our Programme for Government also sets out our new national mission to help create new green jobs. I welcome the assurance made in your letter that freeports will not compromise the UK's standards on security, safety, workers' rights, and the environment.

I know Scottish Government officials have held productive meetings with officials in your department, particularly in recent weeks since the publication of the English Bidding Prospectus, and I would expect that to continue in a spirit of cooperation as our consideration of the freeports policy develops.

Best wishes,



IVAN MCKEE

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E: scottish.ministers@gov.scot

Rt Hon Steve Barclay MP
Chief Secretary to the Treasury
Action.CST@hmtreasury.gov.uk

05 March 2021

Dear Steve

Launching the bidding process for Scotland's green ports

I am writing to express my disappointment in the recent lack of progress made towards launching the bidding process for Scotland's two green ports, and your decision to cancel our planned meeting this afternoon.

While the Scottish Government is ready to launch, we are awaiting confirmation from you on the draft bidding prospectus. Further delay risks having a material impact on Scottish businesses, particularly now that the successful bidders from the English freeports round have been announced and that the start of the pre-election period is approaching rapidly.

I would welcome a rescheduled meeting with you at the earliest opportunity, and can be available to meet over this weekend (March 6 or 7). I would also welcome an indication of how long it will take the UKG to complete its process on our bid prospectus to enable our planning.

I look forward to an early reply from you on this matter.

Yours sincerely



IVAN McKEE

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T: 0300 244 4000
E: scottish.ministers@gov.scot

The Rt Hon Steve Barclay MP
9 Downing Street
Whitehall
London
SW1A 2AG
Email: Action.CST@hmtreasury.gov.uk

12 March 2020

Dear Steve,

Our work to establish two green ports in Scotland represents an impactful collaboration between you and I, as well as our respective officials. I am very keen for this constructive working relationship to continue, culminating in publication of an applicant prospectus for green ports in Scotland as soon as possible this month.

However, the continued delay on the part of the UK Government in agreeing the final text for the prospectus is now an issue. Recent media reports in the Press and Journal, which cast doubt on the good faith of the UK Government around this process are also of concerns. As you know, the Scottish Government is ready to launch and the Scottish business community is keen to see the bidding process for Scotland commence. If we do not have a confirmation from you on launch plans for the draft bidding prospectus by Monday 15 March and some measure of confidence that the write round can be completed quickly and without introducing further challenges, the prospect of a launch being achieved before the start of the pre-election period (25 March) is at serious risk.

I would appreciate your efforts to reach an agreement on the part of the UK Government on the form of the draft bidding prospectus as it stands as early as possible. If helpful, I can be available for a discussion over this weekend (13 or 14 March).

For your information, I am attaching a letter which was sent to private, public and third sector stakeholders in Scotland yesterday. It updates stakeholders on the Scottish Government's work to establish green ports and includes some extracts from the draft bidding prospectus. The intention of this letter was to reassure partners that progress is being made and that the green port model aligns with the economic policy context in Scotland.

Given the appetite amongst our partners, especially in the business community, for further information on the bidding prospectus, the Scottish Government may be left with no choice

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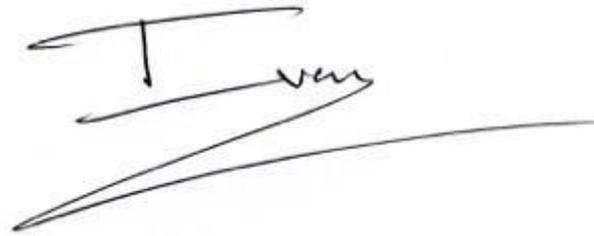
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but consider publishing the draft prospectus in its entirety if we do not receive confirmation of the UK Government's agreement by as early as possible next week.

As I have made clear in previous correspondence, the Scottish Government wants to move this work forward in partnership to enable business innovation; create high-quality fair work opportunities; and enable a just transition to a low carbon economy. I look forward to an early reply from you on this matter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ivan McKee', with a long horizontal flourish extending to the right.

Ivan McKee

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E: scottish.ministers@gov.scot

The Rt Hon Steve Barclay MP
Chief Secretary to the Treasury
9 Downing Street
Whitehall
London
SW1A 2AG
Email: Action.CST@hmtreasury.gov.uk

11 May 2021

Dear Steve,

Delivering green ports in Scotland

Further to my letter to you of 24 March, I am disappointed to be writing to you once again to express my concern at the lack of progress from the UK Government on green ports. I have received no response to my letters to you of 24 and 12 March and, indeed, have had no communication from you on green ports since the end of February.

As you know the Scottish Government is firmly committed to green ports. We have been clear in our ambition for a fair, sustainable green port model designed to help deliver our net-zero emissions target and Fair Work First approach, and to support innovation, inclusive growth, international trade and inward investment. The UK Government's agreement to publication of the Applicant Prospectus and launch of the bidding process for Scotland is still outstanding, without discussion or explanation, and your continued lack of engagement on this matter is deeply concerning.

As I outlined in my letter of 24 March, industry stakeholders across Scotland have been very clear that the process in Scotland should launch as soon as possible in order to minimise any competitive disadvantage as a result of launching some months after the process for England. Having readied themselves for launch of the bidding process for Scotland in March, this continued delay is now coming at a cost to Scottish businesses.

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Furthermore, I note the media coverage on 10 May raising concerns over the interaction between incentives available to businesses within freeport customs sites and the duty drawback prohibition clauses in a number of continuity trade agreements. I am aware that these clauses are standard features of free trade agreements and that they limit the trade benefits of freeports across the world. However, the media coverage shows that not all stakeholders are aware of this and I would urge you to provide clarification and raise awareness of the situation amongst exporters and businesses that may be operating within such customs sites in future.

I would also welcome an early conversation with you to enable progress to be made and in order that stakeholders in Scotland can be provided with an update as soon as possible.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ivan McKee', with a long horizontal flourish extending to the right.

Ivan McKee

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E: scottish.ministers@gov.scot

The Rt Hon Steve Barclay MP
Chief Secretary to the Treasury
Email: Action.CST@hmtreasury.gov.uk

22 June 2021

Dear Steve,

Next steps for delivering green ports in Scotland

Further to my letter to you of 11 May, I remain disappointed at the lack of engagement by the UK Government on delivering green ports in Scotland. I have yet to receive formal agreement from you about designating two green ports in Scotland, and that each will be able to access the same amount of seed capital funding as each freeport in England. I am therefore writing to you to set out the Scottish Government's proposed next steps for delivering this policy.

Industry stakeholders have been clear that the applicant prospectus for green ports in Scotland ought to be launched as soon as possible. It is my belief, and that of industry stakeholders in Scotland, that delaying implementation of this policy further will be detrimental for Scottish businesses, placing them at an increased competitive disadvantage to the successful freeport bidders in England, directly as a result of UK Government delays.

The Scottish Government has been ready for some time to press ahead with the process to establish green ports. Despite our commitment to moving forward in partnership, the UK Government has failed to engage with us to publish a final joint applicant prospectus as a result, the Scottish Government's intention is to now invite notes of interest from potential green port bidders in Scotland. This exercise will allow us to gauge interest for the development of green port policy in Scotland and will provide an indication of the geography and sectors likely to benefit. The notes of interest invited will be based on the content of the abridged draft applicant prospectus, published on the Scottish Government website in March, which also signposted the reserved offer available to all freeports in England.

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The Scottish Government wants to ensure that businesses in Scotland receive the same level of incentives and assistance as those offered to freeports in England, and for the difference in time between the processes north and south of the border to be as short as possible to minimise further competitive disadvantage to businesses in Scotland.

I intend to hold a stakeholder engagement session on the 30th of June and would like to extend an invitation to you or a Scotland Office minister to attend this event. The agenda will address the call for notes of interest and prompt discussion of the next steps towards designating green ports in Scotland.

I would welcome a conversation with you on this matter at your earliest convenience so that we can move forward with delivering green ports in Scotland as quickly as possible for the benefit of businesses and communities in Scotland.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ivan McKee', with a long horizontal flourish extending to the right.

IVAN MCKEE

Cc

The Rt Hon Alistair Jack MP
Secretary of State for Scotland
Scotland Office

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T: 0300 244 4000
E: scottish.ministers@gov.scot

The Rt Hon Jesse Norman MP
Financial Secretary to the Treasury
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

30 June 2021

Dear Jesse,

Thank you for your letter of 9 June to my colleague Jamie Hepburn MSP in response to his letter of 23 March regarding Enhanced Capital Allowances in Enterprise Areas. Following the Scottish Parliament elections I now have responsibility for Enterprise Areas in Scotland.

I note the information you have provided on Annual Investment Allowance and capital allowances super-deduction. You also highlight that Enterprise Area policy, from the perspective of the UK Government, is being succeeded by freeports.

As you will be aware, the Scottish Government has been working constructively with the UK Government for some months on the freeports policy. We have adapted the UK Government's freeport model to fit the Scottish context and applied Scottish Government's priorities, developing a new green port model.

Both governments were set to jointly launch a bidding process for green ports in March, until the UK Government decided it could not proceed at that point. I have written to the Chief Secretary to the Treasury in a bid to resume discussions to ensure a Scottish bidding process can get underway as soon as possible, but have been frustrated by the continued lack of engagement on this from the UK Government.

Until the UK Government re-engages with the Scottish Government with a view to publishing the joint applicant prospectus and launching a bidding process for Scotland, we cannot make positive progress towards delivering green ports. The successful freeport bids announced by the Chancellor of the Exchequer in March will have access to the full range of incentives available in the near future, and can already use their award of freeport status to attract investment.

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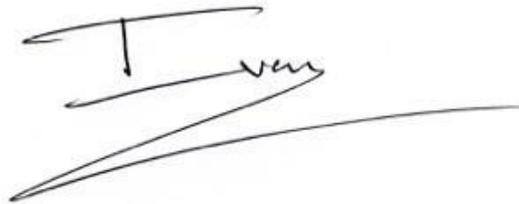
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Scottish port areas have been denied this opportunity thus far, due to delay from the UK Government. This places Scottish business at a disadvantage. The future of Enterprise Area policy in Scotland cannot be considered only in the context of freeports until such time as the UK Government re-engages with the Scottish Government on rolling out green ports, and implementation of the policy is progressed.

This is an opportunity for both governments to work together in support of Scottish business, as we had been doing on the policy up until March. I would therefore urge you to press your ministerial colleagues to accelerate the process so that we can move forward with jointly delivering green ports in Scotland as quickly as possible for the benefit of businesses and communities in Scotland.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ivan McKee', with a long horizontal flourish extending to the right.

IVAN MCKEE

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T: 0300 244 4000
E: scottish.ministers@gov.scot

Alister Jack MP
Dover House
Whitehall
London
SW1A 2AU

2 July 2021

Alister,

Thank you for the call this afternoon.

I remain perplexed as to why this conversation could not have taken place in February, and allowed us to give some certainty to Scottish businesses. The delays caused by the UK Government have meant that Scottish ports may be placed at a disadvantage in relation to their counterparts in England.

I look forward to receiving your letter but in the meantime I think I understand your position as being that the Freeport is a UK wide project and that there should therefore not be substantive differences between the offers across the UK. I note from our conversation that you did not consider this position to cover the financial aspects of this policy and you were quite happy for Scottish ports to receive substantially less funding from the UK Government. You also mentioned that you would consider a second port in Scotland, but only if this Scottish Government were to pay for it.

I have to reiterate our clear position that any offer to which the Scottish Government is party to has to include conditionality around Fair Work and Net Zero as core elements. This by its nature makes the Scottish offer substantially different from that being rolled out across England. You will be aware that these elements are non-negotiable and the Scottish Government will not be party to any offer that does not include these elements as articulated in our draft prospectus as published in March and verbally agreed with HM Treasury in February.

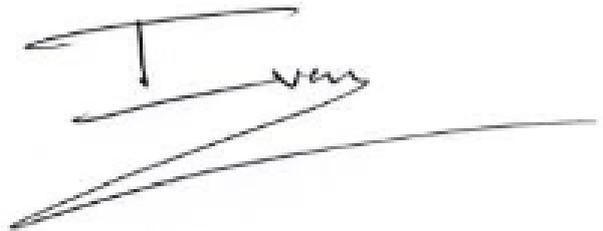
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Should the UK Government wish to move forward with a proposal that does not include these elements I can inform you now that the Scottish Government will not support this initiative with its lack of protection against a race to the bottom on workers conditions and the environment.

I am also deeply concerned as to your implication that you are considering taking over powers around devolved taxation, and that you have taken legal advice on this. Clearly this is in breach of the Devolution settlement as voted for overwhelmingly in 1997. I look forward to your urgent clarification on what you meant by your remarks in this regard.

I am copying this letter to the Chief Secretary to the Treasury and the Chancellor of the Duchy of Lancaster.

A handwritten signature in black ink, appearing to read 'Ivan McKee', with a long horizontal flourish extending to the right.

Ivan McKee

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T: 0300 244 4000
E: scottish.ministers@gov.scot

The Rt Hon Alister Jack MP
Secretary of State for Scotland
Dover House
Whitehall
London
SW1A 2AU

5 July 2021

Dear Alister,

Thank you for your letter received on Friday 2 July, and you will no doubt have seen the letter I also sent to you after our meeting that same afternoon.

The terms of your letter are frustrating and disappointing given that our governments have been discussing this aspect of the proposals since the start of this year, until your Government ceased engaging with us in early March (well ahead of the Scottish election period). My understanding from discussion with the Chief Secretary to the Treasury in February was that the Scottish Government's proposed approach had largely been agreed. I would be grateful therefore for urgent clarification of the UK Government's position and in particular whether Fair Work and Net Zero conditions are accepted by the UK Government.

You raise a number of issues.

I have made clear on several occasions that conditionality around Fair Work and Net Zero transition is fundamental to any Scottish offer. Without its inclusion the Scottish Government cannot support any initiative of this kind. Based on the comments in your letter, and during our meeting on Friday, I thought it would be helpful if I set out the Scottish Government's position in more detail and in particular what is intended by the inclusion of Fair Work, to ensure that we have a common understanding.

You state that you do not want to give the impression that there are different standards around Fair Work between the English and Scottish offers. However, as I have clearly indicated, this is precisely the point; the offer for sites in England does not include application of Fair Work First conditionality such as around payment of the Real Living Wage and no inappropriate use of Zero Hours contracts as well as being a signatory to the Scottish Business Pledge requirements (or any English equivalents). So any Scottish offer we sign up to will be, by its nature, different to that being rolled out in England. Indeed, any UK-wide policy which includes devolved aspects can legitimately differ to some degree between nations, according to devolved priorities and regulations.

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Work is critical to our wellbeing as a nation and shaping how we live. The Scottish Government's Fair Work agenda can help people and business flourish, and is critical to achieving a modern, high value, high wage, inclusive economy – today and in the future. Fair Work is also a key driver for the Scottish Government's goals to achieving sustainable economic growth and a Just Transition to a wellbeing economy.

During the meeting on Friday you said that you did not want Scottish businesses to be disadvantaged by the differences in any Scottish offer. I understand this was in relation to the Scottish Government's conditionality proposals (it clearly cannot be in relation to fair funding for Scottish designations, or to delays in implementation of the Scottish model, as in both those aspects you have been not at all concerned at putting Scottish ports at a competitive disadvantage to those in England). To my mind this suggests a failure to understand the fundamental position of those requirements at the heart of any offer we support, and also a failure to understand the perspective of Scottish businesses which have made very clear they have no issue with the inclusion of such conditionality as part of any offer in Scotland.

Not only does the Scottish Government want to include specific conditions, but also we clearly could not accept a model whereby they were included but we were not allowed to mention them for fear of making freeports in England look bad by comparison.

I am frustrated that, despite consideration of these issues since the start of this year, the fact that you were not prepared to engage in the detail on this key issue on Friday suggests that either the issues have not received due consideration by your department, or that you are attempting to row back from the agreement reached on wording between Scottish Government and Treasury officials in February – and reinforced by my conversation with Steve Barclay. That you should adopt a position where your primary concern appears to be to protect the reputation of operating practices in England – something that Treasury seems not to consider an issue – rather than what is good for business in Scotland, is perplexing.

So to be clear, **I would be grateful if you would now confirm that you accept the Scottish Government's conditions, and that you are prepared to engage constructively on the detailed wording setting out these conditionality aspects, as without this in place I cannot agree to participate in any roll-out in Scotland.** The Scottish Government will not take part in a race to the bottom, and effective safeguards need to be in place to prevent that happening. I am available to meet to discuss this at your earliest convenience. Should you decline this offer I can only assume that your commitment to these principles is at best limited.

Secondly, once we have agreed the wording on these key aspects there is, in my mind, work to be done to establish a basis of trust for moving forward, not least because we will have to work closely together on both joint selection of Scottish ports, and around issues of governance with regards to operation of the model in future. This governance aspect applies to both ensuring that businesses and operators comply on an ongoing basis to the conditionality criteria as outlined above, and to ensuring there is sufficient staffing in place to monitor compliance with environmental, taxation, customs and other standards. These are issues I discussed with the Chief Secretary to the Treasury in February. To be clear there needs to be a process in place to monitor, sanction and, in extremis, to revoke status in cases of persistent non-compliance.

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I will be frank here; the problem we have, as a consequence of UK Government behaviour on this issue over the past four months, is one of trust. You and your Government's refusal to engage in this process, until the Scottish Government moved forward with our notes of interest process on 23 June, makes it very difficult for me to understand your intentions here and to trust that your Government will follow through on its commitments. Some work from your side, and from Treasury, to recognise this and to rebuild bridges would go some way to rebuilding that trust. I did not see that in our discussions on Friday, and your apparently cavalier attitude to the devolution settlement did not help in that regard. My colleague Angus Robertson, Cabinet Secretary for Constitution, will be writing separately on that issue.

I also have a problem understanding the process for engaging with the UK Government on this issue. Put simply, when I want to talk to the UK Government I don't know who to call. More generally, you appear to speak for UK Government on some aspects but not others, and the Scottish Government receives different answers from different Departments. For example, from your comments on Friday it seems that you are now empowered to spend Treasury funds to replace devolved tax benefits, but you are not empowered to have a discussion around why Scottish ports would not be able to access the same level of start-up funding as has already been offered to English ports. You can see why I find this less than clear. Some joint clarification from yourself and the Treasury on this would help me to understand who is holding the decision-making authority, and the purse strings, on behalf of your Government on this issue.

Thirdly, the issue of funding itself. As I have made clear, our requirement is that both designations in Scotland (and I assume you are committed and empowered to deliver two Scottish designations; if not please let me know) are able to access the same level of funding and support as that which successful freeport bidders in England have already had made available to them, including seed capital. I await your Government's response on agreement to this point.

Finally with regards to the issue of naming. I note your comments that the freeport brand is already well known globally and comes with some pedigree. This is indeed the case, but unfortunately the brand is, to some extent, tarnished in the eyes of many due to it having negative connotations, including in some instances a reputation for tax evasion, smuggling and a race to the bottom on wages and standards. The Scottish Government's commitment to building a high wage, high productivity, high technology economy in Scotland to meet the challenges of the 21st century, rather than the 18th century, clearly runs the risk of being hampered by association with such a tarnished brand so you can, I am sure, appreciate my concerns here.

However, progress on the substantive issues set out above is the first priority. I am, of course open to discussions about terminology on this point, and hopeful that a sensible compromise could be found. I suggest that our respective officials meet to discuss these aspects further and report back to us in advance of a further conversation between us so that progress can be made.

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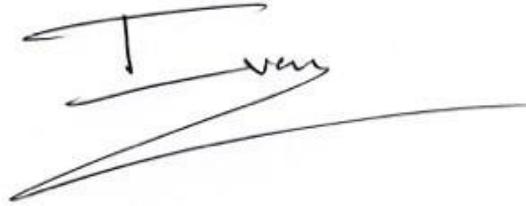
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Please note I am also copying this to the Chief Secretary to the Treasury for his interests.

I look forward to your reply.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ivan McKee', with a long horizontal flourish extending to the right.

IVAN MCKEE

cc. Steve Barclay MP, Chief Secretary to the Treasury

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T: 0300 244 4000
E: scottish.ministers@gov.scot

The Rt Hon Alister Jack MP
Secretary of State for Scotland
Dover House
Whitehall
London
SW1A 2AU

15 July 2021

Dear Alister,

Thank you for your letter of 9 July in response to my letter of 5 July regarding green ports. I remain committed to working in partnership with you and the wider UK Government to deliver green ports in Scotland so that they can help drive inclusive growth and contribute to the recovery from the pandemic.

I am pleased that you have accepted the principle that fair work and net zero can be included in the prospectus. However, as I indicated in my earlier letter, and to ensure common understanding of these terms, the detailed wording of this will be crucial to subsequent assessment and delivery, and I would expect this to be a subject of the discussions between officials suggested in my last letter. You mention that UKG analysis confirms that this will make no substantive difference, in comparison to the prospectus for freeports in England. Based on the prospectus jointly drafted with UKG officials in early March, I would disagree with your assessment. What cannot be denied is that by including provisions around fair work, the green port model would make a substantive difference for those who work there – not least as a result of guaranteeing that the Real Living Wage is paid, avoiding a race to the bottom on wages. We would be interested to see your analysis, so I would be grateful if you would ask your officials to share it with my officials, including the basis upon which it is made.

I also welcome your recognition that having two designations, rather than one, fairly reflects the economic and geographic characteristics of Scotland. However, I was disappointed to read that you continue to propose a funding arrangement that is unfair and disadvantages ports in Scotland compared to their competitors in England. You have made clear that you consider this to be a policy led by the UK Government for the whole of the UK, yet the UK Government continues to refuse to provide equivalent levels of seed capital funding as that made available to each freeport in England for even one Scottish designation, let alone two. If there is an issue with accessing funds from the Treasury, in the spirit of co-operation and ensuring the best outcome for Scotland, I would be willing to make a joint approach to the Chief Secretary to the Treasury with you to ensure that Scottish ports are not placed at a financial disadvantage to their competitors in England.

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On top of that, you have introduced at this late stage a new approach by demanding that the UK Government will have the final say in assessing responses to the prospectus, having consulted the Scottish Government. This is contrary to my discussions with the Chief Secretary to the Treasury in February and simply unacceptable. As I am sure you must understand, in relation to areas of devolved policy Scottish Ministers are accountable to the Scottish Parliament and electorate, therefore cannot agree to an intervention in which they have no decision-making power.

I also find this approach to be entirely inconsistent with your position on funding. In essence, your offer stipulates that it will be solely for the UK Government to decide where a freeport is to be based, but the capital funding for it must come entirely from the Scottish budget. Collaboration and joint working across devolved and reserved competencies requires joint decision making, and I would ask that you reconsider this position and agree to joint determination or I must conclude that you are making an offer that you wish us to reject.

You will have seen that in my previous letter I suggested that our respective officials meet to discuss further the points raised in our recent meeting and correspondence with the aim of finding a sensible compromise, and to report back to us in advance of a further conversation between us so that progress can be made. I remain of the view that this would be the best way forward and my officials have already reached out to their counterparts to arrange this. I hope that such a discussion can take place in the very near future.

Should we reach a sensible outcome on these fundamental points I believe we can move swiftly to jointly launch the bidding process to deliver green ports in Scotland.

I am copying this letter to the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Chief Secretary to the Treasury, the Cabinet Secretary for Finance and the Economy, the Cabinet Secretary for the Constitution, External Affairs and Culture, the Minister for Just Transition, Employment and Fair Work and the Second Permanent Secretary to Cabinet Office.

I look forward to your reply.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ivan McKee', with a long horizontal flourish underneath.

IVAN MCKEE

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cc.

Rt Hon Chancellor of the Exchequer, Rishi Sunak MP

Rt Hon Chancellor of the Duchy of Lancaster, Michael Gove MP

Rt Hon Chief Secretary to the Treasury, Steve Barclay MP

Cabinet Secretary for Finance and the Economy, Kate Forbes MSP

Cabinet Secretary for the Constitution, External Affairs and Culture, Angus Robertson MSP

Minister for Just Transition, Employment and Fair Work, Richard Lochhead MSP

Second Permanent Secretary to Cabinet Office, Sue Gray

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The Rt Hon Steve Barclay MP
Chief Secretary to the Treasury
Action.CST@hmtreasury.gov.uk

16 August 2021

Dear Steve,

Our respective governments have been engaging with you over the past year, and recently the Scottish Government has had some constructive dialogue with the Office of the Secretary of State for Scotland, to come to an agreement on the design and delivery of the UK Government's freeport policy across the devolved administrations. We remain committed to working collaboratively with you, under the condition that our respective devolution settlements will be fully respected. All four administrations want to support our businesses and communities as best as possible as we are recovering from the pandemic.

Each administration has been talking to you about various aspects of this policy but funding has been a shared issue in our respective discussions at both official and ministerial levels.

The population-based Barnett formula is not an appropriate mechanism for ensuring a fair funding arrangement across the devolved administrations for this place-based policy. We would appreciate a meeting with you to discuss alternative arrangements, to ensure the success of the policy, and look forward to hearing from you as soon as possible.

We are copying this letter to the Chancellor of the Exchequer and the Secretaries of State for Scotland, Wales and Northern Ireland.

Yours sincerely,



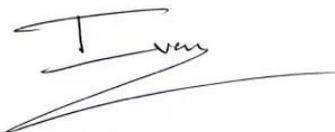
Tom Arthur MSP
Minister for Public
Finance, Planning and
Community Wealth



Conor Murphy MLA
Minister of Finance



Rebecca Evans MS
Minister for Finance and
Local Government



Ivan McKee MSP
Minister for Business,
Trade, Tourism and
Enterprise



Vaughn Gething MS
Minister for Economy

cc.

Rt Hon Chancellor of the Exchequer, Rishi Sunak MP,

Rt Hon Alister Jack MP, Secretary of State for Scotland

Rt Hon Simon Hart MP, Secretary of State for Wales

Rt Hon Brandon Lewis MP, Secretary of State for Northern Ireland



T: 0300 244 4000
E: scottish.ministers@gov.scot

The Rt Hon Alister Jack MP
Secretary of State for Scotland
Dover House
Whitehall
London
SW1A 2AU

17 September 2021

Dear Alister,

Thank you for your letter of 6 September outlining the offer from the UK Government in respect of freeports in Scotland.

I have been clear on a number of occasions that any model implemented in Scotland must include a firm commitment to conditionality around net zero and fair work, including payment of the real living wage. These are central tenets of Scotland's future economy and I am very disappointed that your proposal does not reflect this, nor indeed recognise the vital role that the real living wage plays in secure pay and employment contracts in our country.

The absence of any substantial commentary to this effect, and the fact that the seed funding offer fails to provide Scotland with equivalent funding to that offered to freeports in England, means that that we can only presume that you are not interested in us taking forward a joint proposition.

The Scottish Government has been ready since March to work with the UK Government on a new 'green port' model, designed for the Scottish context, and focused equally on driving inclusive growth, providing fair work, and decarbonising our economy.

Following productive discussions with the Chief Secretary to the Treasury, the Scottish Government was ready to publish a joint green port bidding prospectus for Scotland in March. It is very regrettable that six months have been lost due to UK Government prevarication.

The Scottish Government can only consider partnering the UK Government on the implementation of freeports in Scotland if the funding allocation for set up is fair and there is a clear and strong commitment to ensuring that the companies who benefit from freeports adhere to fair work practices, and can set out a clear plan to contribute to a net zero economy.

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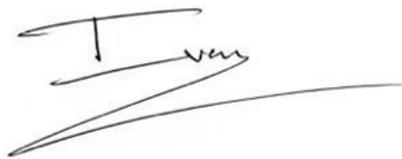


I find it difficult to comprehend why the UK Government would seek to dilute a strong commitment to fair work requirements as part of implementation of freeports in Scotland. Our Fair Work First policy and Scottish Business Pledge are designed to enhance and protect the rights of workers, addressing workplace inequality and driving responsible and innovative practice across our businesses. I can only conclude that there must be some substance to our concerns that the UK Government's Freeport proposals are focussed on a 'race to the bottom' economic model.

Even at this stage, I would still think it possible we could work together to find a joint way forward that is in Scotland's interests. However, in light of your letter the Scottish Government will now accelerate plans to further develop the green port model designed to form part of Scotland's future economy focused equally on prosperity and wellbeing.

I am copying this letter to the Cabinet Secretary for Finance and the Economy, the Minister for Just Transition, Employment and Fair Work, the Chancellor of the Exchequer, the Chief Secretary to the Treasury, the Secretary of State for Housing, Communities and Local Government, and the Second Permanent Secretary to Cabinet Office.

Yours sincerely,



IVAN McKEE

cc.

Rt Hon Chancellor of the Exchequer, Rishi Sunak MP

Rt Hon Chief Secretary to the Treasury, Simon Clarke MP

Rt Hon Secretary of State for Housing, Communities and Local Government, Michael Gove MP

Cabinet Secretary for Finance and the Economy, Kate Forbes MSP

Minister for Just Transition, Employment and Fair Work, Richard Lochhead MSP

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