



SCOTLAND OFFICE

Scotland Office Background Paper

Scotland and Defence

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Introduction

Scots are justly proud of their military heritage and Scottish links to the Armed Forces remain as relevant and important as ever. This short background paper examines the significant presence the Armed Forces have in Scotland, the Scottish industrial skills that are at the forefront of some of the most technologically advanced engineering in the world, and the overall economic contribution the UK Government's spending on defence has in Scotland.

Providing security for the nation and its people remains the most important responsibility of government. Scotland benefits from the UK's membership of critical institutions, such as permanent membership of the United Nations Security Council and the North Atlantic Treaty Organisation (NATO). While this means that Defence can only sensibly be reserved to the UK Government, this short paper examines the economic impact the UK Defence footprint has on the economy in Scotland.

The paper illustrates the diverse nature of the jobs directly and indirectly supported by the UK Government's spending on defence. Whether it is apprentices working at the home of UK's nuclear deterrent in Faslane, the dockyards and other suppliers building the Royal Navy's largest ever ships in Govan, Scotstoun and Rosyth, or the nearly 2,000 people employed in offices in Glasgow, there is hardly a sector of the Scottish economy that does not benefit from UK Defence spending. And then of course there are the tremendous opportunities that a career in the UK Armed Forces opens up for any Scottish young man or woman.

The main findings from this analysis are:

- The UK Government employs 18,000 people in Scotland who are either service personnel (12,000) or MOD civilian staff (5,900).
- Thousands of others are employed in the private sector as contractors and commercial partners throughout Scotland
- Scotland's largest single workplace is Her Majesty's Naval Base Clyde at Faslane which employs around 6,500 people.
- The 4,500 strong workforce at shipyards in Glasgow and Rosyth are sustained by MOD work
- There are almost 400 individual MoD sites in Scotland and at 124,000 hectares, they account for 33 per cent of the entire MoD land holdings.
- The MOD has over 700 direct contracts in Scotland which directly fund approximately 7,000 non-MOD jobs.
- MOD employs people in 30 out of 32 local authorities throughout Scotland.
- Evidence to the House of Commons Scottish Affairs Committee¹ showed that the average wage in the Defence sector is around a third higher than the Scottish national average

The International Context

1. In an increasingly globalised world, the UK's security and prosperity are dependent on international stability. The best way to achieve this is through a robust rules-based international system. Cutting across all aspects of the UK Government's Strategic

¹ HC305 "Employment and Skills for the defence Industry in Scotland", 23 June 2008

Framework for National Security is the firm commitment to working in partnership with other countries and multilateral institutions.

2. The North Atlantic Treaty Organisation (NATO) has served Britain over the past 60 years – the most successful military alliance in history. NATO remains the cornerstone of UK Defence policy. It has demonstrated that it can adapt to post-Cold War challenges, proving to be a force for good first through its outreach to central and eastern Europe, and its continuing enlargement; then by its essential contribution to resolving successive Balkans crises; and now by its lead role in Afghanistan. Countries are anxious to join it because they understand the benefits of collective security in an uncertain world.
3. The type of threats that NATO faces today are very different to those of the Cold War, but the underlying principles of collective defence and multinational operations are as relevant today as ever they were. And the challenges now facing NATO are just as clear: international terrorism, the proliferation of weapons of mass destruction and their means of delivery, and the instability caused by failed and failing states. These are not challenges that can best be met individual states: they require a multinational response.

Scotland and Defence

4. The UK is historically internationalist in outlook and is a hub for global activities. We are a key part of critical alliances like NATO and the EU, as well as a permanent member of the United Nations Security Council. International security cannot therefore be separated from domestic security and the UK has genuinely worldwide interests.
5. Under the 1998 devolution settlement, Defence is a reserved matter. Scotland benefits from strong and effective defence and foreign policies and a sense of belonging to a United Kingdom.
6. The National Security Strategy, published last year, restated the case for expeditionary Armed Forces able to contribute to the security of the UK by strengthening peace and stability overseas. The current high level of deployment on operations overseas highlights the importance of a strong military chain of command operating under a single national political authority and a single Defence policy.
7. The UK Armed Forces are part of our shared national heritage. Not only is the Ministry of Defence (MOD) a formal institution that reaches out across all the nations of the UK, the bonds between service personnel, veterans and their families touch a large proportion of people and demonstrate the clear interconnections across the country. Scots are justly proud of their military heritage and Scottish links to the Armed Forces continue to be as relevant and important as ever.

Defence footprint in Scotland

8. The reservation in the Scotland Act does not mean that Scotland is not involved in the business of Defence. The substantial Defence presence in Scotland brings significant mutual benefits. There are some 12,000 service personnel and 5,900 MOD civilians in

Scotland. It is home to three major air bases, the nuclear deterrent (and, in the future, all RN submarines), and, for the army, a divisional headquarters and the Royal Regiment of Scotland.

9. In total around 2000 service personnel based in Scotland will be serving tours of duty in Afghanistan during 2010.

Royal Navy

10. There are around 4,200 naval service personnel based in Scotland. HMNB Clyde is the largest single site employer in Scotland, with a combined workforce of around 6,500, and spends £250m in Scotland each year. It is the home of the UK's nuclear deterrent, Flag Officer (Scotland, Northern England and Northern Ireland) and also Flag officer Sea Training (North) who is responsible for the operational training of crews of submarines and minor war vessels. Currently based there are:

- Four nuclear powered Vanguard Class SSBN submarines, which between them maintain a continuous at sea presence of the UK's Independent Strategic Nuclear Deterrent.
- One nuclear powered Swiftsure Class SSN attack submarine armed with conventional weapons.
- Eight Sandown Class Specialist Mine Countermeasure Vessels.

11. Looking to the future, as confirmed in May 2009, as part of the MOD's announcement on the Maritime Change Programme, HMNB Clyde will become the main operating base for all classes of submarines, including the future classes of submarines, such as the replacement for the Vanguard Class. As part of this development this will include the transfer, by around 2017, of three of the nuclear powered Trafalgar Class SSN attack submarines from HMNB Devonport to Clyde.

12. 45 Commando of the Royal Marines, around 900 people, are based at RM Condor, Arbroath.

13. Also based in Scotland is HMS Caledonia at Rosyth which provides accommodation and support for Naval personnel working at nearby dockyards together with HMS Gannet, one of the current bases supporting search and rescue operations. The Royal Navy and Royal Air Force search and rescue helicopters currently based in Scotland are the busiest in the UK saving hundreds of lives every year.

Army

14. There are some 3,300 army service personnel based in Scotland. The Headquarters of 2nd Division, which commands land forces not just in Scotland but also Northern England and Northern Ireland, is at Craigiehall just outside Edinburgh.

Of the Royal Regiment of Scotland:

- 1st Battalion (Royal Scots Borderers) are based in Edinburgh, at Dreghorn Barracks.
- 2nd Battalion are currently based in Glencorse Barracks, Penicuik.
- 3rd Battalion are at Fort George, just east of Inverness.

- 6th and 7th Battalions are Territorial Light Role Infantry Battalions, recruiting from all over the lowlands and highlands respectively and with TA Centres in towns and cities all over Scotland

15. The 4th battalion of the Royal Regiment of Scotland is an Armoured Infantry Battalion, currently based in Fallingbommel, Germany, and 5th Battalion is part of 16 Air Assault Brigade based in Canterbury

16. Also based in Scotland is 3rd Battalion the Rifles are based in Edinburgh, at Redford barracks whilst Glasgow is the home of the Army Personnel centre.

Royal Air Force

17. There are about 4,600 RAF service personnel based in Scotland. Between them, RAF Kinloss and RAF Lossiemouth have 3,000 people in Moray. RAF Kinloss will be the base for the new Nimrod MRA4, while RAF Lossiemouth has three Tornado GR4 squadrons and the Tornado Operational Conversion Unit. Lossiemouth, under current plans, will be a base for the Joint Strike Fighter. Together they inject around £100M per year into the local economy.

18. RAF Leuchars, in Fife, has around 1,300 service personnel with two squadrons of Tornado F3s. Leuchars is also fundamental to long term plans. The first of three 3 squadrons of Typhoons will arrive there in 2010.

Reserves, Cadets and Training

19. There are 18 armed forces career and information offices in towns and cities throughout Scotland, with information on the wide choice of interesting careers in the armed forces.

20. There are 5,000 armed forces volunteer reservists and 10,000 cadets throughout Scotland. The Army alone has 58 Territorial Army centres, 17 combined cadet force units and 228 cadet detachments, which are supported by 1,000 adult volunteers. The leadership, team working, and citizenship skills learned by cadets are invaluable for adult life and employment.

21. Barry Buddon training centre in Tayside is one of the most important in the UK and trains around 30,000 personnel annually. There are several other heavily used training areas in Scotland: in the Highlands at Cape Wrath, which is used for live firing training and testing; Cameron Barracks; Ben Wyvis; Black Dog; and Tain. Dundrennan has a large and important tank range.

Equipment and Support

22. Scotland is important to the Defence Storage and Distribution Agency, which has five sites across Scotland. DSG Stirling, near Glasgow, maintains heavy and light armoured vehicles. There are several radar sites, as well as specialised research and development centres such as the Underwater Test and Evaluation Centre and a Seismic Monitoring Station. There are also numerous munitions depots, test and evaluation sites throughout Scotland.

Defence Industry in Scotland

23. MOD has over 700 direct contracts in Scotland. Approximately 7,000 non-MOD jobs are directly funded by MOD contracts, and thousands more are supported indirectly. For example the MOD will be bringing into service a variety of new vessels including new aircraft carriers, Type 45 destroyers, Astute Class attack submarines and a class of submarine to provide the future nuclear deterrent capability. They are also in the early stages of determining their requirement for the next generation of warship (the Future Surface Combatant). This investment will ensure that the Royal Navy remains one of the world's most powerful maritime forces.

24. Specifically, Scotland has several important industry partners such as:

- *BVT, now BAE Systems Surface Ships (BAES SS)* which is building the Type 45 destroyers and Queen Elizabeth aircraft carriers in Glasgow. The workforce of 3,000 people has built seven warships since 2004, and contributed £392m to the Scottish Economy in 2007. MOD's long term Terms of Business Agreement (TOBA) with BAES SS guarantees a minimum level of MOD work for the coming 15 years worth £230m each year. This agreement will help ensure the sustainability of the company in line with our commitment to sustain jobs and therefore the skills for warship build and support, in the UK.
- *Babcock Marine* will assemble the Queen Elizabeth class carriers at Rosyth Dockyard, sustaining over 1,000 jobs.
- *Vector Aerospace* repairs military helicopters near Perth with a workforce of around 300 people.
- *QinetiQ* has research and development facilities in the Hebrides employing around 200 people; and ranges at West Freugh.
- *Selex Galileo* in Edinburgh provides radar and systems for the new Typhoon.
- Other major defence industry establishments in Scotland include: *Thales Optronics* which has a plant in Glasgow building advanced sighting equipment for all three services; *Alenia Marconi* in Dunfermline which manufactures electronics systems; and the Met Office has a facility for marine weather forecasting in the Shetland islands.

25. In June 2008, the Scottish Affairs Select Committee Inquiry Report – '*Employment and Skills for the Defence Industry in Scotland*' – noted the importance of the defence industries to Scotland. It found that the defence and aerospace industries generated nearly £2.31 billion in sales and, together with MOD, supported almost 50,000 jobs and a record number of apprentices. Importantly, it also found that these are high quality jobs. The average wage in the sector was around a third higher than the Scottish national average.

26. The inquiry also found that the industry relies heavily on MOD orders for much of its business. The impact of defence spending on Scottish industry is far reaching, creating and sustaining large numbers of highly skilled jobs while also enabling companies concerned to develop additional applications for export and civilian markets. The Type 45 destroyer programme and the plans for new aircraft carriers will help to sustain

critical skills and expertise. Even much non-defence work is dependent upon a base-load income from defence work to share costs and ensure viability.

27. The issue of constitutional change and how this may affect the future sustainability of the Scottish defence industry was also highlighted. It noted that while many defence companies operating in Scotland have invested significantly in their facilities, meaning relocation south would be unlikely in the short to medium term, uncertainty over the longer term about naval requirements in an independent Scotland could have an impact.

The Defence Estate in Scotland

28. MOD has nearly 400 individual sites in Scotland, totalling 27,000 hectares. Including areas over which the MOD has rights increases this to 124,000 hectares, approximately 33% of MOD land holdings and equating to around 1% of Scotland's total landmass (consistent with the 1% of the UK's landmass that the MOD either owns or has rights over). Much of this land consists of training areas for infantry and armoured vehicles; testing ranges for missiles and ordnance; or other specialised training environments.

Operating within a devolved framework

29. Although Defence itself is a reserved matter, much of the legislative and regulatory framework within which Defence is managed is now the responsibility of the Scottish Parliament and Scottish Ministers. There are various social and other provisions that affect the welfare of service personnel, their families and veterans as well as the legal framework affecting the management and development of land and buildings. For example the UK and Scottish Governments work together in implementing the Service Personnel Command paper which impacts on the lives of veterans and families of service personnel. They also jointly plan and carry out events such as Armed Forces Day.

Conclusion

30. Scotland benefits from being part of the UK – our defence is stronger both through the influence that the UK has internationally and through the sharing of the opportunities for peace and sharing the perils in times of danger. The Scots heritage and future is to be part of that, not standing apart. Not only our security but our economy benefits from this.