

Scottish Affairs Committee

Scotland's space sector follow-up: launch: Government Response

Fifth Special Report of Session 2024–26

HC 1495

Scottish Affairs Committee

The Scottish Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Scotland Office (including (i) relations with the Scottish Parliament and (ii) administration and expenditure of the offices of the Advocate General for Scotland (but excluding individual cases and advice given within government by the Advocate General)) and its associated public bodies.

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Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the internet via www.parliament.uk.

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Fifth Special Report

On 3 September 2025, the Scottish Affairs Committee published its Second Report of Session 2024–26, [Scotland's space sector follow-up: launch](#) (HC 671). A letter and the Government Response were received on 10 November 2025 and are appended below.

Appendix 1: Letter from the Parliamentary Under Secretary of State, Department for Science, Innovation and Technology, dated 10 November 2025

I would like to thank you and all the members of the Scottish Affairs Committee for your ongoing interest in Scotland's space sector and for your follow-up inquiry and report of 10 September 2025 focusing on Scotland's space launch sector. As the Department for Science, Innovation, and Technology (DSIT) is responsible for civil space strategy and policy and sponsors the UK Space Agency in its delivery of our ambitions on space launch, I am responding on behalf of the UK Government.

The Government recognises the scale of the opportunity for Scottish launch. Scotland's unique geography, innovative launch startups, combined with a strong satellite manufacturing heritage gives us the opportunity to develop a highly attractive end-to-end offer for customers to design, build, launch and operate satellites all from Scottish soil. In addition, a Scottish launch

capability will enhance our national security and resilience, as well as provide an opportunity to strengthen our relationships with international partners and Allies.

The UK Government is therefore absolutely committed to ensuring that Scotland's launch sector delivers on its promise. That is why we have continued to make investments in Scotland's launch operators and spaceports, bringing total Government investment in the Scottish launch sector to £98 million over the past seven years. We are also continuing working closely with these companies as they prepare for first launches in 2026. However, we recognise the challenges highlighted in your report, in particular around the need for a strategic and sustained commitment to the sector, bolstered by effective cross-Whitehall coordination. Following the recent Spending Review, Government intends to set out our strategic approach to supporting the Scottish launch sector as part of a cross-Government space publication, scheduled for 2026. This will provide industry with clarity and direction it needs to deliver on its potential, in support of our ambition to become a major European launching nation.

Please find attached to this letter Government's responses to the recommendations in the Committee's report. I look forward to working with you and Committee members in supporting the Scottish launch sector to be a success.

Liz Lloyd CBE

Parliamentary Under-Secretary of State (Minister for Digital Economy)

Appendix 2: Government Response

Recommendation 1

To ensure the long-term success and competitiveness of launch sites in Scotland's space sector, we urge the UK Government to incorporate space funding within its broader economic growth ambitions. This must go beyond ad hoc funding and reflect a sustained, strategic commitment—providing the clarity, confidence, and stability that the industry needs to scale capabilities and attract international customers. A clear signal of long-term government support will not only level the playing field with better-funded European counterparts but also position the UK as a serious contender in the global launch sector.

HMG Response

- The Government is committed to making the UK a nation that regularly launches satellites into orbit from own territory. Achieving this will enhance our national security and resilience, and deliver high-skilled jobs, investment, and growth. As home to SaxaVord Spaceport, Sutherland Spaceport, and two domestic rocket manufacturers, Orbex and Skyrora, we recognise the opportunity that Scotland's launch sector will play in developing Government's ambitions for launch.
- Government has provided significant support to the Scottish launch sector, having invested £98m over the past seven years. Space, and launch in particular, are high-risk industries, and Government necessarily therefore takes on risk when investing in the space sector. While we back credible commercial firms in launch and other parts of the space sector, Government cannot guarantee success in building Scottish launch at any cost.
- However, we recognise the need for a sustained and clear commitment from Government in an increasingly competitive landscape across Europe. Following the recent Spending Review, the Government intends to set out our strategic approach to supporting the Scottish launch sector in a new cross-Government space publication, scheduled for

2026. This will provide industry with clarity and direction it needs, in support of our ambition to become a major European launching nation.

Recommendation 2

The UK Government should examine the case for designating all spaceports as freeports, to spur further growth of the sector and provide a greater opportunity to attract investment, talent and international partnerships.

HMG Response

- The current Freeport programme in England, Scotland and Wales is now operational, with all eight Freeports in England, two in Scotland and two in Wales now delivering investments and high-quality jobs across the country.
- We recognise the potential of freeports, as well as Investment Zones and Enterprise Zones, for driving growth across the UK and we are committed to bringing them closer together as part of our modern Industrial Strategy, with shared delivery mechanisms and a stronger support offer from the UK and devolved governments. However, Government currently does not intend to expand the Freeport Programme to cover any new sites.
- The Government continues to work closely with UK spaceports to understand and reduce barriers to investment and exports, strengthen international partnerships needed for overseas customers, and to enable delivery of first launches.

Recommendation 3

The UK Government should prioritise investment in Scottish-based launch sites in order to reduce dependency on foreign providers. The Government should also diversify launch partnerships and build domestic capacity to avoid being deprioritised by foreign launch providers.

HMG Response

- The Government recognises the importance of a domestic launch capability for assuring our ability to access space independently. This is particularly salient in the current market where there is an

undersupply of launch services globally. A domestic launch capability will enhance our national security and resilience, as well as provide an opportunity to strengthen our relationships with international partners and allies.

- This is why Government has provided significant investment in the Scottish launch sector to date, including investment in both domestic and international launch operators intending to launch from the UK, as well as the infrastructure required to deliver launches. This includes our £10m investment in SaxaVord spaceport last year, to enable them to complete the construction required to deliver German company RFA's launch, as well as £26m investment in Orbex to complete development of their small-lift vehicle Prime, and investment in Skyrora, who were issued their license in 2025. All these companies are making progress, and both RFA and Orbex are planning first test launches from Scotland over the next year. The UK launch sector now comprises over 200 companies, spanning space operations, manufacturing, finance, and IT services, many of whom are based in Scotland.

Recommendation 4

The Ministry of Defence must work with the UK Space Agency and Scottish stakeholders to integrate defence priorities into the launch sector. This should include supporting Scottish SMEs in defence-related projects, creating a pipeline of innovation and capability that aligns with the Defence Space Strategy's goals.

HMG Response

- The Ministry of Defence is working closely with DSIT to develop a 'one-government' capability-led approach to space, ensuring alignment across Government departments of UK priorities, including those relating to space capability procurement and development.
- The Ministry of Defence is supporting the Government's ambitions to launch satellites from spaceports across the UK. The Ministry of Defence recognises the importance of an assured access to launch capability and will seek to achieve the greatest value for money from providers who can meet this requirement.
- From a commercial perspective, there may be challenges to any perceived prioritisation of Scottish providers and contractors above others due to the UK procurement legislation that requires the Ministry of Defence to compete all government contracts above the threshold.

- In October last year, the UK joined the NATO STARLIFT Programme, which aims to leverage government-owned and commercial launch capabilities to enable allied launch in both peacetime and crisis. The Government is actively involved in shaping this programme to promote the development and use of UK launch capabilities and to enable UK companies to participate in any commercial opportunities arising from this initiative.

Recommendation 5

The Ministry of Defence should prioritise the procurement of homegrown responsive launch services from domestic UK providers that can deploy satellites within days or weeks in response to emerging threats.

HMG Response

- The Ministry of Defence is not currently in a position to implement any recommendation related specifically to responsive launch services as Space Command remains focussed on building out initial capabilities.
- The Ministry of Defence maintains a requirement for assured access to commercially developed launch capabilities. Although the Ministry of Defence does not currently have a requirement for independent launch systems, the Ministry of Defence continues to support the UK Government's launch ambitions.
- While the UK launch industry is in its early stages, collaboration between government and industry, and with international partners, will be key in building a scalable and sustainable launch capability. We are supporting this through a number of channels, including the NATO STARLIFT project, through which we have sought opportunities to promote UK industry and position UK launch solutions at the forefront of multinational capability cooperation.

Recommendation 6

In its response to this report, the UK Government should set out how it is actively pursuing and deepening international partnerships—particularly with European nations and institutions such as the European Space Agency—to ensure resilient and assured access to space.

HMG Response

- The Government is continuing to develop and deepen international engagement, including with our near neighbours, in pursuit of resilient and assured access to space. This includes active participation in the ESA Space Transportation Programme and the NATO STARLIFT Project, as well as ensuring that launches, controlled rocket stage return and debris re-entry mitigations are safely integrated into international airspace and marine environments networks.
- Through participation and networking within these programmes, we are building and strengthening international relationships to identify common interests, and have established several lines of bilateral and multilateral engagement with other spacefaring nations, with a view to pursue co-operation agreements, jointly delivered programmes such as common standards and aggregation of or support for industry development projects – including with Denmark, Germany, Portugal, Norway, and the US.
- Through such programmes and partnerships, the Government continues to promote UK interests, strengthen international collaboration, and ensure the UK's space sector remains competitive and resilient.

Recommendation 7

In response to this report, the UK Government should also set out how it will support companies operating in Scotland in succeeding in the European Launcher Challenge. This should include specific measures on how it will commit to the initiative. The UK Government should write to the Committee to provide an update by Spring 2026.

HMG Response

- Government is taking a keen interest in the European Launcher Challenge (ELC) and recognises the potential opportunity it provides for the UK launch industry and for the future development of European launch capabilities.
- We were extremely pleased to see that a UK company, Orbex, was pre-selected by ESA for the Challenge, as well as German company RFA, given their partnership with SaxaVord Spaceport and plans to launch from the UK. This was a significant achievement for both companies and a fantastic opportunity for the development of launch capabilities in the Scotland.

- The UK Space Agency will work closely with Orbex as they progress through the next stage of the ELC, and this result will inform preparations for the ESA Council of Ministers (CMIN25) in November. UK successes and progress in programmes such as the ELC raise the profile of the sector and help catalyse funding for the continued development of launch in the UK.
- Decisions on UK participation in the ELC will form part of CMIN25 negotiations in November, and we therefore cannot provide specific commitments at this stage. However, we will write to the Committee following the Council of Ministers to update them on our approach to the programme.

Recommendation 8

The sector's prioritisation within the Industrial Strategy, must be underpinned by a long-term and strategic approach to investment in the sector, which is also aligned with the objectives of the National Space Strategy and Defence Space Strategy. Such an approach would provide stakeholders with greater confidence, stability with existing policies and a clearer roadmap for long-term growth.

HMG Response

- The Government welcomes the Committee's recommendation and agrees that long-term strategic investment is essential to the success of the UK space sector. We recognise that prioritisation within the Industrial Strategy must be matched by a clear, coordinated approach to delivery that aligns with and builds on the objectives of the National Space Strategy and Defence Space Strategy.
- To that end, the Government has been working to strategically prioritise investments in space, by identifying priority cross-government outcomes sought and the capabilities needed to achieve them. This includes defining core categories and cross-cutting activities, supported by costed delivery plans and refreshed governance structures. These efforts are designed to formalise a 'one-government' capabilities-led approach to space, ensuring that investment decisions are aligned across departments to ensure maximum impact against our intended outcomes, and to support the ambitions set out in the Industrial Strategy, National Space Strategy, and Defence Space Strategy.

- The Government recognises the need to communicate the strategic priorities to the sector to provide greater clarity and confidence. To enable this, we will publish these costed plans in 2026, setting out what government will prioritise delivering over the spending review period.

Recommendation 9

In its response to this report the UK Government should commit to producing a clear plan—including timescales and funding mechanisms—for broadening its space sector support beyond research and development. This should include targeted investment in manufacturing, productisation, and commercialisation. Funding in these areas will enable UK-based launch and manufacturing companies—particularly Scottish providers—to scale from development phases to full operational capability, which is essential to establish the sector’s readiness and reinforce the UK’s position as a leader in the space economy.

HMG Response

- The Government is clear that space is a British success story. It’s a fast-growing sector which makes an outsized contribution to our economy and national security. In the first phase of this Spending Review, we have taken steps to invest further in Space – increasing our funding by 8% in 2025/26 compared with 2024/25, enabling us to set the sector up to succeed.
- The Industrial Strategy highlights the need to industrialise our space companies, and commits the Government to focussing our work with the sector on this. Regulatory reform, Government procurement, and the full range of financial levers (including but not limited to R&D grants) will all be utilised such that industrialisation of the sector can be better achieved.
- In the coming months we will set out our priorities for space funding, with a focus on delivery, in a new cross-government space publication, scheduled for 2026. We will be focussed on how to use space to deliver strongly on our Plan for Growth and the Industrial Strategy, and prioritising National Security and Defence outcomes.

Recommendation 10

The UK Space Agency should therefore commit to working with both the UK and Scottish Governments to identify early public sector customers for Scotland's launch and spaceport sector. Government becoming a customer of the Scottish launch sector would send a clear demand signal that the sector is viable and encourage the development of a more diverse customer base in the coming years. We also call on the Department for Business and Trade to explain within six months, either in a written ministerial statement or in writing to the Committee, how it will promote international demand for Scottish launch services. Similarly, given Scotland's competitive geographic location and capabilities, we urge the Scotland Office to play an active role in realising the ambition for Scotland to be a global leader in small satellite launch.

HMG Response

- Rather than the Government directly owning and managing rocket launch attempts, Government is supporting a commercial approach to building launch heritage following the US SpaceX model, i.e. enabling commercial providers to build the technical experience and learn from the first launch attempts that are most prohibitively costly and carry highest risk of failure.
- While the Government is highly unlikely to provide sufficient demand to sustain the UK launch sector in and of themselves, the Ministry of Defence (MoD) supports the UK's launch ambitions and works closely with allies and partners to assure appropriate and timely access to space. Two defence payloads were on board the Virgin Orbit launch from Spaceport Cornwall, and MoD is exploring further opportunities for harnessing the UK's launch capabilities.
- DBT already promotes the UK's ambitions regarding launch capability in its overseas export promotion work, and regularly supports UK-based launch providers in accessing overseas markets. As the UK's launch capability becomes fully operational, DBT will work with UKSA to further promote UK launch services to overseas customers. The Government will set out more information on its space exports strategy as part of the 2026 publication.

- The Scotland Office recognises the unique opportunities for Scotland’s small satellite launch sector due to its strategic geographical position, capabilities, skilled workforce, and developing space infrastructure. The Department engages with key companies like SaxaVord, Orbex and Skyrora, and will continue to build these relationships.
- The Scotland Office also works to support space supply chains. Advanced manufacturing has been identified as a priority sector for the new Industrial Strategy and will help support small satellite manufacture in Glasgow, for example.
- The Scotland Office is also committed to working collaboratively with DSIT and the Scottish Government, as appropriate, to support and advocate for the sector in Scotland.

Recommendation 11

Nonetheless, enhanced cross-departmental collaboration will still be needed to ensure the UK’s space sector operates under a coherent and unified direction. In its response to this report, the UK Government should set out the structure, membership, and remit of the Cabinet sub-committee for space, and confirm when it will hold its first meeting. The UK Government should also commit to publishing the sub-committee’s minutes—including attendance and frequency of meetings. The Government should update the House on the sub-committee’s progress at regular intervals, through a written ministerial statement.

Recommendation 12

While we are sympathetic to the sector’s calls for a dedicated ‘Minister for Space’, we do not believe such a role is necessary at this time. Fundamentally, the sector’s calls reflect a desire for improved engagement with the sector, and a more coordinated, joined-up approach between Government departments. Rather than establishing a new ministerial post, the Government should focus on ensuring this Cabinet sub-committee for space delivers meaningful improvements in coordination and engagement. In its response to this report, we expect the Government to set out what progress has been made on establishing this sub-committee and what contribution it has made to the Government’s work in this area.

HMG Response to Recommendations 11 & 12

- The Government remains committed to ensuring that space activity remains coordinated across all interested departments, with multiple levels of governance and lines of communication in place beyond the Cabinet itself. Ministers meet regularly as required to discuss space policy issues, including through meetings of a Space Ministerial Forum of relevant responsible ministers.
- The Government has not committed to establishing a new specific Cabinet committee for space. The Prime Minister decides, on the advice of the Cabinet Secretary, the overall structure of the Cabinet committee system, including the creation of any new committees and their terms of reference. A list of the current committees, their terms of reference and the ministers who sit on them is available on gov.uk. Cabinet committees take collective decisions on behalf of Cabinet as relevant to their Terms of Reference.
- It is a long-established precedent that information about the discussions that have taken place in Cabinet and its committees, including how often they have met and who attended and their minutes, is not normally shared publicly. We also cannot commit to publishing the meeting schedules and minutes of the Space Ministerial Forum, to enable full and frank discussion of policy issues between ministers.