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Patricia Ferguson MP
Chair, Scottish Affairs Committee

Friday, 17 July 2026

Dear Patricia Ferguson MP,

Re: Scottish Affairs Committee Inquiry: Defence Jobs and Skills

The Scottish Government welcomes the opportunity to contribute to the Committee's inquiry into Defence Jobs and Skills.

1. Scotland's Defence Sector: Opportunity, Growth and Skills

Scotland's defence sector is a very important contributor to Scotland's economy, supporting high-value employment, advanced manufacturing, innovation, research, and skills development across the country. Whilst defence is, of course, a reserved matter, the Scottish Government's focus is not only on ensuring that Scotland's businesses, workers, colleges, universities and research institutions are well positioned to benefit from future investment, but also on creating the conditions that encourage investment, innovation and long-term growth. This includes sustained investment in skills, research, state of the art technologies, advanced manufacturing capability and workforce development.

Scotland already hosts globally significant defence capabilities, including naval shipbuilding on the Clyde, defence engineering and refit activities at Rosyth, aerospace activity in Ayrshire, and internationally recognised strengths in several parts of Scotland in advanced manufacturing, space, artificial intelligence, cyber security, quantum technologies and engineering research. Combined with continued investment in skills, innovation and industrial capability, these assets position Scotland well to meet growing demand across the sector.

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2. Supporting STEM Skills and Talent pipelines

Many of the skills required by the defence sector are also in demand across other strategically important sectors of the Scottish economy. Engineering, advanced manufacturing, aerospace, digital technologies, cyber security, artificial intelligence and the energy transition all draw from a common talent pool. As the Committee has heard, maintaining access to these skills is particularly important for the defence sector, given its reliance on highly specialised engineering, manufacturing and technology capabilities.

For this reason, Scotland's skills system focuses on developing broad STEM capability and transferable skills that support workforce resilience across multiple sectors, while remaining responsive to emerging economic opportunities and industry demand. This approach helps ensure that Scotland can support sectors of strategic importance, including defence, while enabling workers to move between related industries over the course of their careers.

The Scottish Government is making substantial and sustained investment in Scotland's skills system, reflecting the importance of workforce development to long-term economic growth, industrial competitiveness and the future skills needs of strategically important sectors, including defence.

In 2026–27, over **£2.4 billion** will be invested in post-school education and skills. This includes **£764 million in core college funding**, representing a 10% uplift on 2025-26, in recognition of the vital role colleges play in workforce development.

At school level, Scotland continues to expand opportunities for young people to develop technical and STEM-related skills. In 2025, **116,800 vocational and technical qualifications** were awarded across Scotland, including qualifications in engineering, electrical engineering, laboratory science and information technology.

The Scottish Government also invested over **£1.7 million in key STEM education programmes during 2025–26**, supporting initiatives such as SSERC, the Young STEM Leader Programme and Scottish Teachers Advancing Computing Science. These programmes play an important role in strengthening the future talent pipeline for engineering, manufacturing, digital and technology-intensive industries. Alongside this, Skills Development Scotland, Developing the Young Workforce (DYW) and a range of employer engagement initiatives continue to strengthen pathways between education and employment, helping ensure young people are aware of opportunities across Scotland's economy, including sectors relevant to defence.

Scotland also participates in UK-wide initiatives where these support key capabilities. For example, more than **35,000 Scottish pupils have participated in CyberFirst activities over the last two years**, helping strengthen digital and cyber security skills that are increasingly relevant to modern defence capability.

These investments are being complemented by the Scottish Government's wider programme of post-school education and skills reform, which aims to create a more joined-up and responsive system aligned to future workforce needs and economic opportunities.

The Scottish Government continues to highlight the impact that Brexit has had on labour mobility and access to talent across a range of sectors, including engineering, advanced manufacturing and research. Addressing future skills shortages will require UK Government

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to create a migration system that better responds to and supports Scotland's demographic and economic needs and better enables the attraction and retention of international talent to Scotland specifically. I would respectfully encourage the Committee to consider the Scottish Government paper 'Migration: Helping Scotland Prosper', which was published in 2020 and proposes practical solutions.

Alongside this, a single national skills plan for Scotland is being developed, aligned to economic need and designed to drive productivity and support the green and digital transitions. This will be supported by a Scottish Government-led approach to national skills planning, alongside strengthened regional approaches, to ensure that post-school education and training becomes more responsive to Scotland's strategic skills priorities.

The early focus of Scotland's enhanced and evolving national skills planning model is on sectors including construction, engineering, digital, energy, and financial, professional and business services. Through assessment of skills needs within these sectors, our approach will identify, prioritise and address critical professional and technical skills linked to occupations that are in demand across multiple sectors, including defence. More details of this will be announced to the Scottish Parliament in early autumn 2026 and skills planning is a key focus for this Scottish Government.

3. Apprenticeships, Skills and Workforce Development

Investment in apprenticeships in Scotland is significant and strategically targeted, and plays a central role in supporting skills pipelines relevant to the defence sector.

Approximately **£198 million per year supports apprenticeships delivery**, including around 25,500 new Modern Apprenticeships (MA), 5,000 new Foundation Apprenticeships and 1,500 new Graduate Apprenticeships in 2024-25, alongside modern apprentices already in training. Just over 39,000 MAs were in training at the end of March 2026 (including those who started in previous years).

Additionally, the Scottish Government is **committed to delivering 150,000 apprenticeship opportunities over the course of this Parliament**, helping to strengthen Scotland's skills base and support workforce needs across strategically important sectors, including advanced manufacturing, engineering and technologies relevant to defence.

Engineering and STEM-related frameworks remain an important priority within this investment. During 2025–26, these accounted for around **16% of all Modern Apprenticeships in training**, while STEM frameworks represented **48.8% of all Modern Apprenticeship starts**.

Investment is also being made in targeted workforce interventions in areas of strategic importance to Scotland's defence sector. The 2025 Programme for Government included a commitment to **invest up to £2 million to develop engineering and maritime skills in the Glasgow City Region** through a programme delivered by a partnership of local authorities, colleges and industry. This has enabled initiatives such as a new entry-level Trade Service Operative role for economically inactive individuals, creating pathways into employment and apprenticeships. Given the importance of the Clyde and wider Glasgow City Region to Scotland's maritime, defence and shipbuilding industries, this investment is helping strengthen future skills and talent pipelines across the sector.

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Complementing this work, defence has recently been included as a priority destination sector in the latest round of the **Oil and Gas Transition Training Fund (TTF)**. This initiative is jointly funded by the Scottish and UK Government, with each contributing £3 million for 2026-27 and supports workforce transition and retraining. By helping workers apply these skills in defence and other strategically important sectors, the Fund helps strengthen workforce resilience, broaden recruitment pathways and support future workforce requirements across Scotland's defence industrial base.

The Scottish Government recognises that current and future skills shortages cannot be addressed through interventions in the education and skills system alone. Meeting future workforce demand will require a whole-system approach involving Government, employers, education and training providers, and other partners. This includes addressing factors such as employer participation, delivery capacity, workforce mobility, housing, transport connectivity, migration policy and long-term business confidence, alongside continued investment in skills and training.

Taken together, these investments and interventions demonstrate the Scottish Government's commitment to strengthening the skills, talent and workforce pipeline needed to support Scotland's defence industrial base and provide a strong foundation for future workforce growth.

4. Research, Innovation and Industrial Capability

Scotland's universities and research institutions play a critical role in supporting the long-term competitiveness of the defence sector. Building on a strong research and innovation base, Scotland has developed internationally recognised strengths in technologies relevant to future defence capability, including artificial intelligence, advanced manufacturing, cyber and quantum technologies.

For **academic year 2026–27, core research and innovation funding** increased by **£26.8 million (8.1%)**, bringing **total investment to £355 million**. This investment supports research excellence in areas directly relevant to future defence capability, including advanced manufacturing, robotics, artificial intelligence, digital technologies, quantum research and engineering.

Examples include:

- The Universities of Edinburgh and Heriot-Watt securing joint Ministry of Defence and EPSRC funding for a Centre for Doctoral Training in sensing, processing and artificial intelligence for defence and security.
- A long-standing strategic partnership between the University of Strathclyde and BAE Systems covering advanced manufacturing, laser technologies, intelligent automation, energy systems and design simulation.
- The University of Glasgow's work on quantum positioning technologies capable of operating independently of GPS, supporting resilient navigation systems with applications for defence, national security and critical infrastructure.
- Heriot-Watt University's leadership of research into quantum networking and secure communications, supporting future quantum computing and information systems.

Scotland's universities also continue to contribute to defence-related research, innovation and skills development through collaboration with industry, government and wider partners.

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The inclusion of the Universities of Edinburgh, Glasgow and Strathclyde in the Defence Universities Alliance reflects the strength of Scotland's higher education and research base and may create further opportunities to support workforce development, research excellence and innovation in areas relevant to future defence capability.

These capabilities are complemented by significant investment in Scotland's wider innovation ecosystem, including:

- National Manufacturing Institute Scotland (NMIS);
- Advanced Forming Research Centre (AFRC)
- Manufacturing Innovation Centre Moray (MICM);
- Borderlands DeepTech Accelerator Hub;
- The National Robotarium.

We highly value our international research partnerships and the high-quality skills and ideas our international researchers bring. The Scottish Government has always believed full association to the Horizon Europe was the best outcome for Scotland and we have continued to work with our EU partners to tackle challenges in areas of mutual interest. The Scottish Government also continues to engage with UK Research and Innovation to ensure that funding and policy decisions are developed in partnership, with equitable access for all nations and clear opportunities for Scottish input as UK-wide initiatives progress, including in defence.

Alongside national investment, the Scottish Government has supported regional innovation through City Region and Growth Deals, including investments that have contributed to initiatives such as the National Manufacturing Institute Scotland, helping to strengthen regional research, innovation and industrial capability.

Together, this investment strengthens Scotland's position as a centre of excellence for advanced manufacturing, engineering and emerging technologies, helping ensure Scottish firms and institutions remain at the forefront of future defence, aerospace and security-related innovation.

5. Collaboration with the UK Government

The Scottish Government's aim is to work constructively with the UK Government, industry and academia on issues relevant to defence jobs and skills.

Defence remains a reserved matter, while responsibility for education, skills and economic development rests largely with the Scottish Government. This creates a strong interdependency between reserved and devolved responsibilities, making effective collaboration essential to ensure that future capability requirements, workforce demand and investment priorities are understood early and reflected in workforce planning, skills provision and economic development activity across Scotland.

The Scottish Government welcomed publication of the long-awaited Defence Investment Plan (DIP) on 30 June 2026, while noting that greater clarity would have benefited industry, investors and skills providers at an earlier stage. Prior to publication, businesses consistently highlighted concerns about the impact of uncertainty on workforce planning, investment decisions and supply chain development.

Scotland's defence sector is well positioned to respond to increased defence investment, supported by a strong industrial base, skilled workforce and research and innovation

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capability. However, realising these opportunities depends on clear, stable and timely demand signals. While publication of the Plan provides greater certainty than was previously available, delivery will ultimately depend on procurement decisions, implementation arrangements, affordability considerations and the pace at which commitments are translated into activity on the ground.

The Scottish Government will assess the implications of the Plan in detail, including its impact on businesses, workers, supply chains, skills demand, and regional economies. We also note statements that elements of the additional defence funding will be met through reprioritisation of spending elsewhere across government and are expecting some reductions in devolved budgets to be confirmed at the UK budget. It is important to note that the Scottish Government is deeply concerned by any suggestion of reductions in Scotland's budget, particularly in-year. We will continue to engage with HM Treasury, in particular to understand the implications of the remaining unfunded element of the defence plan on wider public investment and funding available to devolved administrations.

The First Minister has welcomed the greater clarity provided by publication of the DIP. He has also reiterated the Scottish Government's commitment to constructive collaboration on defence and security matters, including the growing strategic importance of the High North.

The Scottish Government also welcomes the recent announcement of a Scottish Defence Growth Deal. As implementation of both the Defence Investment Plan and the Scottish Defence Growth Deal progresses, **the Scottish Government considers early and meaningful engagement to be essential**. This includes engagement on commitments such as the proposed Defence Technical Excellence Colleges (DTECs).

The Scottish Government has sought further information from the UK Government regarding the proposed DTECs, including governance arrangements, intended outcomes, integration with Scotland's existing education system and alignment with wider economic priorities. Ministers will consider these proposals carefully as discussions continue.

In responding to the Defence Investment Plan, the Scottish Government would also reiterate its view that increased defence spending should not come at the expense of international development commitments. The Scottish Government continues to call on the UK Government to restore Official Development Assistance (ODA) spending to 0.7% of Gross National Income and make no further reductions to development funding in order to support defence expenditure.

The Scottish Government also remains opposed to the basing of nuclear weapons in Scotland.

6. Supporting Scotland's Defence Industrial Base

The Scottish Government's support for Scotland's businesses is centred around five priorities, given responsibility for defence is reserved to Westminster:

- Supporting industry and investment;
- Strengthening workforce capability;
- Investing in skills and apprenticeships;
- Driving innovation and advanced manufacturing;
- Supporting regional clusters and supply chains.

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These priorities reflect the Scottish Government's objective of ensuring that Scotland captures the maximum economic, workforce and innovation benefits arising from future defence investment.

The Scottish Government's support for Scotland's defence industrial base is underpinned by sustained investment in workforce development. This includes continued funding through Skills Development Scotland and the Scottish Funding Council to support the delivery of apprenticeships across colleges, universities, independent training providers, employers and local authorities, helping ensure that employers have access to the skilled workforce required for future growth.

Through Scottish Enterprise and other agencies, the Scottish Government has a long track record of supporting aerospace, defence, maritime and space companies to invest, innovate and grow. Since 2006–07, more than **£90 million were provided to aerospace, defence, maritime and space companies**, helping stimulate investment, productivity improvements, innovation and high-value jobs. This reflects the Scottish Government's recognition of the sector as an important source of manufacturing capability, innovation, high-quality employment and regional economic activity.

Ministers continue to engage directly with businesses, trade bodies, educational institutions and workforce representatives. Recent engagement through the Aerospace and Defence Industry Leadership Group has reinforced both the opportunities facing the sector and the importance of maintaining strong collaboration between government and industry.

7. Conclusion

Scotland possesses many of the foundations required to support a successful and growing defence sector: a strong industrial base, internationally recognised universities and research institutions, world-class innovation assets, and significant public investment in skills and workforce development.

Whilst defence is a matter reserved to Westminster, the Scottish Government's focus is on ensuring these strengths translate into sustainable economic growth, high-quality jobs and long-term industrial capability. Continued investment in STEM skills, apprenticeships, colleges, research, innovation and advanced manufacturing will be critical. Equally important will be effective collaboration by the UK Government with the Scottish Government, industry and research institutions to ensure Scotland is fully positioned to benefit from future defence investment.

Scotland has a clear opportunity to build on its strengths in skills, engineering, advanced manufacturing, innovation and research to secure jobs, investment and economic growth, while supporting capabilities relevant to national security and resilience.

This contribution provides an indicative overview of the Scottish Government's approach in these areas and is not intended to be an exhaustive account of activity across government and its agencies. Collectively, the interventions outlined above demonstrate a sustained commitment to strengthening Scotland's workforce, innovation ecosystem and industrial base, helping ensure that Scotland is well positioned to capture the jobs, investment, innovation and economic opportunities arising from future defence investment, while

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