

Scottish Affairs Committee inquiry into Defence in Scotland

Terms of reference: Defence in Scotland: military personnel and estate

- What impacts are the UK's changing defence priorities having on investment, employment and communities in Scotland?
- How important are military installations in Scotland for supporting the UK's international military alliances?
- How well are Scottish people and places represented in the UK military?
- How have recent military infrastructure investments affected employment and communities in Scotland?
- How might planned military personnel reductions and estate reductions affect employment and communities in Scotland? What impacts are already occurring from planned reductions/closures?
- Should the UK Government offer any additional support to individuals and communities affected?

Argyll and Bute Council Written Evidence – Officer Response

Introduction

My name is Fergus Murray and my post is Head of Development and Economic Growth with Argyll and Bute Council. I am writing to provide evidence to the Committee taking into account the above remit and noting that not all questions are relevant to the situation we currently face in Argyll and Bute.

In answering some of the points above I consider it to be pertinent to look at what has happened to Argyll and Bute in the past in relation to the MOD presence in the region with decisions to close bases operating in the area and the economic and social impacts this caused at the time and to a certain extent are still with us today. I will also provide commentary on the economic and social impacts of HMNB Clyde in Argyll and Bute. This is set within the context of a programme of continued investment in the base albeit the vast majority of this investment so far is within the "wire" of the actual bases of Faslane, Coulport and Glen Douglas collectively known as HMNB Clyde.

Experience of Dunoon

Argyll has often played a significant role in hosting MOD activities notably during the First and Second World Wars where many bases were established for a whole variety of purposes. Whilst most of these activities were temporary in nature a number of facilities were continued, or adapted, to meet new military challenges. These facilities had a significant physical presence in the selected areas and also had a significant impact on how the local economy operated to service these bases.

One major example was the setting up of an American Submarine base in Dunoon that was established in 1961 at the heart of the Cold War.

The Argyll town of Dunoon sits at the mouth of the Holy Loch on the east side of the Cowal peninsula. The loch opens straight out into the Clyde and a combination of

deep waters, natural shelter, and easy access to the open sea, had already ensured it was a strategically important spot when war broke out in 1939.

The Royal Navy based submarines there throughout World War Two, carrying out operations across the Atlantic. The Americans developed the submarine-launched Polaris nuclear missile system but needed a base for their fleet in Europe. The USA and Britain struck a deal which brought the missiles to the Clyde and over the course of the next decade the Americans would take over the Holy Loch while the Royal Navy built up its own base a few miles away at Faslane on the Gare Loch.

On 3 March 1961, the submarine tender USS Proteus sailed up Holy Loch to establish the US base. The giant ship, a veteran of the war in the Pacific, acted as a support vessel for the ballistic missile submarines, its crew dedicated to the maintenance of the underwater fleet.

The Proteus had a crew of 980 officers and men and up to 500 dependent families came with them. They would be based at the loch while the submarine crews flew in and out for tours of duty.

The submarines fundamentally changed Dunoon and its people. By 1961, the town's glory days as a seaside resort were on the wane. The influx of hundreds of American sailors and their families was both a culture shock and a much-needed boost to the economy.

An average of 3,500-4,000 Americans were attached to the Holy Loch at any one time but that did not always mean a lot of money went into the local community. While many stayed in rented family homes or as lodgers in Dunoon, the majority stayed on the tender ship. The base also had its own services including a shop and bank.

The end of the US presence at Holy Loch became inevitable with the Cold War coming to a close. When the Soviet Union collapsed, the decision was taken to shut the base. The last ship left in March 1992 after being operational for 31 years and the closure only had one year's notice.

In Cowal, the estimated loss at that time was put at 11 million pounds a year, with a figure of 800 to 850 local jobs - taxis, hotels, bed and breakfast and self-catering establishments and other largely service trades being affected. Around 1,600 Americans left the area and left several hundred homes in the area vacant. While the physical footprint of the base was relatively small on the land they still owned a number of buildings for administrative purposes and these also became vacant impacting negatively on the local economy.

At the time there were relatively few interventions made to enable the local community to cope with the sudden departure of the base. A new industrial area was established at Sandbank but even to this day this has not been fully utilised. The empty American homes were bought cheaply and refurbished then sold on to incoming families but no additional jobs accompanied this and unemployment has remained above the national average of Scotland (see Table 1 overleaf). The area is also heavily dependent on the public sector to provide local jobs with tourism continuing to decline due to national and international competition.

Whilst the situation that Dunoon finds itself cannot be fully explained by the departure of the military almost 30 years ago it seems to be a major reason why it continues to lag behind the performance of other areas of Argyll where the economy has continued to evolve as new opportunities presented themselves. This includes places such as Islay and the whisky industry, Mull with tourism and Oban with a whole host of different industries establishing themselves and creating new job opportunities.

Table 1. Claimant count by Electoral Ward

Claimant count by Electoral Ward, September 2021 (number in brackets indicate change since August 2021)		
Argyll and Bute Electoral Ward	Claimants aged 16-64	Claimants as a % of residents aged 16-64
Cowal	175 (-5)	5.0 (-0.1)
Dunoon	280	6.7
Helensburgh Central	210 (-5)	4.3 (-0.1)
Helensburgh & Lomond South	80 (-10)	1.7 (-0.3)
Isle of Bute	225 (-5)	6.9 (-0.1)
Kintyre and the Islands	90 (-15)	2.4 (-0.5)
Lomond North	120 (-10)	1.9 (-0.1)
Mid Argyll	185 (-15)	4.1 (-0.4)
Oban North and Lorn	190 (-15)	3.2 (-0.3)
Oban South and the Isles	220 (-15)	3.5 (-0.2)
South Kintyre	180 (-10)	5.3 (-0.3)
Argyll and Bute	1,955 (-115)	3.9 (-0.2)
Scotland	159,095 (-9,145)	4.6 (-0.2)
(Nomisweb.co.uk) (figures are rounded to nearest 5 and previous month's figures checked for errors)		

Table 1. Highlights - levels of claimant counts in the areas associated with former and existing bases operating in Argyll and Bute.

Experience in Machrihanish

Another area to look at in Argyll is Machrihanish, Kintyre. **RAF Machrihanish** was a former Royal Air Force (RAF) station located on the western side of the Kintyre peninsula, approximately three miles west of Campbeltown.

From its official beginning in 1918, RAF Machrihanish has existed under a variety of names, functioned as both a military and a civil airfield, and performed a number of additional roles, over and above that of a simple aerodrome, airfield, or airport.

Formerly known as **MoD Machrihanish**, the United States Navy handed the airfield back to the MoD on June 30, 1995, marking the end of its service as a NATO facility since 1960. For a time the airfield was maintained by the British Army with a section at the eastern end of the runway reserved for Campbeltown Airport, operated by HIAL, which has the use of the airfield's runway for its commercial operations. The number employed by the base reduced rapidly from over 2000 to a handful of care and maintenance personnel. There was little or no attempt to deal with the economic shock of this departure of MoD activity. The economic and social impact

of this still impacts on the community to day with a higher than average unemployment rate coupled with a declining and ageing population.

Operational activity at Machrihanish decreased rapidly in the early 1990s, and on June 30, 1995, the US Navy officially handed control of the base back to the MoD, which is now responsible for the site. Retained on a care and maintenance basis, the airfield could be reverted to military use in times of conflict or national emergency.

In late 2008, the MoD announced that their Machrihanish base was to be placed on the market. This created considerable local concern with regard to how the sale would be conducted, and how it might impact the area's economy, as it had recently learned of the intended departure of Vestas wind turbine factory which had been established with financial assistance from the Scottish Government, but was said to be producing the wrong kind of turbine, and in the wrong area, to satisfy the change in market demands.

MOD Machrihanish then employed 20 people, including facilities management staff and security guards.

The land was bought by a local community group for £1 off the MoD, a company owned and controlled by local people. The Machrihanish Airbase Community Company (MACC) wants to attract businesses to the areas and create jobs.

The site covers some 1,000 acres, and includes Campbeltown Airport and an often troubled factory involved in wind turbine manufacturing which is now closed and subject to an administration process. The factory is owned by HIE.

Once bought the MoD agreed to assist the new owners of the site to decontaminate the site and fix longstanding issues such as the private water supply. This enabled the new community owned company to make a quick return on their business plan and a number of new jobs have been created however it is nowhere near the former employment opportunities of the base when it was operational and the loss of the CS Wind windfarm tower operation is a significant blow to the local economy. The base offers a tremendous economic resource for the local area but no real incentives have been provided by either Government to allow the site to reach its full potential.

Machrihanish is an example of the MoD providing partial assistance to the handover of the base following a period of considerable uncertainty but there was no additional help from the UK Government to assist with the development of the local economy to adapt to the loss of the base jobs or the income that came into the area due to the base activities. The economic and social impacts of this closure is still with us today and Campbeltown is still regarded as an employment deficit area.

The above two examples show how long lasting the impacts can potentially be to an area following the closure of a base with no suitable comprehensive plan to reinstate lost economic activity. These economic and social impacts can last for decades following the closure of a MoD facility and this has been a factor noted by the committee. This is largely due to a lack of pre planning by all parties in dealing with the closure of the base which is usually done with little notice and also not having resources in place to continue to develop the wider local economy when these

bases were in actual operation. This left no option for many local people than to simply leave the area and seek out new job opportunities thus exacerbating our population challenges (falling and ageing population) now faced by Argyll and Bute.

Current MoD Activity in Argyll and Bute

HMNB Clyde is the last major MoD facility in Argyll and Bute adjacent to the town of Helensburgh our largest town. It is a growing operation with over 6000 people employed at the base with plans to expand over 8000 in the coming decade as the submarines of the UK fleet relocate from Devonport on the south coast of England. The base is also home to other Royal Navy ships and a base for over 600 Marines based at Faslane.

It is also a centre of engineering expertise and also nuclear technologies but the range of jobs on offer from either the MoD or their civilian contractors is vast and constantly adapting to meet new needs/priorities. The council has been working closely with the MoD to help the expansion of the base with limited interventions from the UK Government. The council enjoys a good working relationship with the local MoD and we have entered into a formal partnership with regular meetings to assist the ongoing expansion and helping people to relocate as and when the submarines relocate from England.

- [Should the UK Government offer any additional support to individuals and communities affected?](#)

Security is an overriding concern of the operation of the base which prioritises investment within the “wire” and limits visibility of its operations in the wider community. This gives the impression that the economic and social impact of the base on the local community is limited but it remains a major source of employment for the local area and indeed Scotland with an estimated 8,000 jobs relying on the presence of the base spread across the MoD, civilian staff, support staff and the private sector.

Argyll and Bute Council is working with the MoD in delivering an element of its Rural Growth Deal in the Helensburgh area. This initiative concerns establishing a centre of engineering excellence at a proposed new business park at Colgrain, Helensburgh. This is an important development that can help increase local economic benefits and assist the operation of the base creating a new hub where MoD personnel can work with private sector contractors without the need to enter the base and be subject to significant security checks. This initiative needs the support of the UK Government to proceed and this includes supporting the MoD to recognise the opportunity here working with the council, the academic sector and enterprise agencies such as Scottish Enterprise.

The council is supportive of new families coming to our area associated with the base but this can place additional demands on local services such as schools and health services. The UK Government needs to recognise these potential impacts and help support the council in responding to these additional pressures as and when they arise. Saying that there has been examples of the UK Government assisting the council to deal with these pressures such as providing £5m of capital funding through Libor to help the council deliver a new community sports hub in

Helensburgh. In total this is a £22m investment in the town and will be a facility used by MoD personnel, their families and local residents. Another example, is an investment in child care facilities at their Drumfork community facility by the MoD but there are wider impacts that also need to be recognised and would ultimately help with the integration of the base in the wider community and make the area a better place for people to relocate to over the longer term as the submarines relocate from the South of England over the next decade.

When you look at the unemployment rate in Helensburgh at 1,7% well below the national average you can see the positive impact of the base. Further input and support from the UK Government to help integrate the base further with the local community including making Helensburgh a better place to live and work can help the future sustainability of the base and also allow the council/NHS to provide the services that are required to cope with an increase in population. This in turn could add to employment opportunities for people locally and also in other parts of Scotland as private companies associated with Devonport also look to relocate in whole or part to Scotland to service the future operation of HMNB Clyde.

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