

## **Written evidence submitted by the Scottish Government (DIS0015)**

### **Introduction**

The Scottish Government welcomes the opportunity to provide evidence to the Scottish Affairs Committee inquiry on defence in Scotland. We recognise that Defence is fully reserved to the UK Government but decisions made can have far reaching implications for Scottish communities and industry, which we have an active role in supporting.

The recent in-depth review by the UK Government, “*Global Britain in a competitive age - The Integrated Review of Security, Defence, Development and Foreign Policy*” published in March 2021 outlined the UK Government’s intentions to modernise the Armed Forces to match current and future threats. The Scottish Government recognises the need for a defence capability that can operate with agility in the digital age and to collaborate credibly with partners to neutralise threats. Indeed, we consider that Scotland can make a valuable contribution in supporting allies and partners to achieve this aim by the use of soft power, as exemplified at the recently concluded COP26 conference in Glasgow.

The existing military and industrial footprint in Scotland has significant implications for the economy, local communities and military families stationed here, and it has been disappointing to note that the increase in the Ministry of Defence (MOD) budget by £24bn over the next four years, resulting in a budget of £46bn in 2021-22, was published by the UK Government without the benefit of any discussions with the Scottish Government on how these decisions might impact Scotland.

We have therefore taken the opportunity offered by this inquiry to frame our response so as to focus on the policy context set out by the UK Government in the Integrated Review and how it might impact on military presence in Scotland as well as our defence industry. We have proposed key actions for the Committee to consider. We consider our proposals to be reasonable and pragmatic to help achieve better engagement between Governments but also to offer support to the Armed Forces based in Scotland, our defence industry and the communities which benefit from both.

### **Key points for the Committee to note**

#### **Structures for engagement**

Although defence is reserved under the terms of the Scotland Act, the Scottish Government has a clear locus in decisions made by the UK Government. Decisions made in isolation and without meaningful consultation with us fails to maximise opportunities and benefits.

It is right that the Scottish Government is consulted fully on all related defence matters that impact on Scotland. We stand ready to provide information to inform decisions made by the UK Government. We believe that there needs to be

appropriate structures of engagement that allow for genuine consultation to help inform evidence based decision making.

## **Economic and social impact**

Many areas of Scotland benefit from a military presence in their area. UK Government decisions on base closures will have far reaching consequences for economies and communities. Any decision should be underpinned by a proper economic analysis of the impact on jobs and the economy. The Scottish Government can contribute to such an analysis and we ask the UK Government to co-operate in this approach before decisions are made.

## **Supporting Industry**

Scotland is strategically placed to provide considerable defence capabilities for the UK. Our deep water, easy access ports and clear skies, and our highly skilled and capable defence industry have the potential to be exploited to support many of the ambitions set out in the Integrated Review.

The defence industry must continue to be supported in order to protect jobs and skills that contribute towards the UK's defence capabilities. This must involve appropriate procurement practices and policies that further enable Scotland's defence sector to continue to thrive and innovate.

## **UK Government's Integrated Review**

The UK Government's Integrated Review of Security, Defence, Development and Foreign Policy was pitched as the biggest review of its kind since the end of the Cold War. Despite this, engagement with Scotland and the other nations of the UK was minimal, generally taking the form of high level reports on progress rather than a process that involved devolved governments actively in the review and sought contributions. There was little opportunity for detailed discussion and no analysis or interim conclusions were shared despite repeated requests to do so.

The Integrated Review was published days before the recess of the Scottish Parliament for the election period prior to this year's Scottish Parliamentary elections, meaning scope for a detailed response was limited. Instead, the Scottish Government published a stand-alone document, [Scotland – a Good Global Citizen](#), that restated key elements of Scottish policy and vision, such as elimination of the nuclear deterrent, and the importance of a rules-based order and recommitting to EU membership and EU values. This publication was in no means meant as a response to the Integrated Review.

Since publication, the UK Government has moved quickly to a delivery and implementation phase, evidently driven by the current spending review. Engagement with devolved administrations has continued, in the main via an Implementation Community of Practice, but as before with little sense of genuine consultation, and rather a tendency to brief on decisions already made.

Twenty sub-strategies have been created, each with a Senior Reporting Officer at Director General level, all reporting to the National Security Council and National Security Ministers. For the most part, direct involvement has not yet been invited even where there is essential or desirable Scottish Government interest, particularly those that will stray into the devolved competence of this Government.

There are areas of joint working that do work well, for example on Resilience matters. The Scottish Government received broadly timely and effective communication on the Civil Contingencies aspects of the Integrated Review and we were in a position to provide input, although occasionally this had to be done at speed. This level of communication was achieved through longstanding existing relationships with Cabinet Office, in particular around national risk assessment.

However, the overall quality of engagement is unsatisfactory and contradicts the UK Government commitment to “improve the relationships and frameworks that underpin the working relationships between UKG and the Devolved Administrations” as set out in the Cabinet Office outcome Delivery Plan 21-22.

A recent report by the Institute for Government highlighted the role of political decision-making in driving divergence between the UK Government and the Devolved Administrations in response to covid-19. The report states that the pandemic offered lessons for improving the structures for intergovernmental dialogue and cooperation on issues of national security at both ministerial and official level. We believe this conclusion applies in equal measure to defence policy impacting on Scotland.

### **The Scottish Government proposes:**

**That the UK Government commits to meaningful engagement with the Scottish Government through clear structures that facilitate discussion leading to productive outcomes. This will help build confidence between Governments that decisions on defence will be made based on evidence and mutual cooperation.**

### **Armed Forces Basing**

The ‘Better Defence Estate Strategy’ in 2016, set out plans to close eight military sites in Scotland. The Scottish Government has significant concerns over the potential impact of these cuts, which we have raised regularly with the MOD.

An update in February 2019 reversed the decision to dispose of the Airfield at RM Condor but only delayed the closure of Redford Infantry and Cavalry Barracks. The most recent announcement by the Secretary of State for Defence in November 2021 confirmed that the closure of Glencorse Barracks will be reversed and the £60 million investment used to modernise facilities will no longer be wasted as originally planned.

Plans which remain unchanged by the latest announcement include the Army vacating Fort George - a move which will end their association with the Fort George area that has endured for more than 250 years with an estimated loss of 700 jobs

and cost to the local economy of £20 million. We have asked the MOD to discuss timescales with us in order to enable local partners to make plans for the future of the site and to help mitigate negative economic impact.

The MOD point to future investment of £355 million to the Army estate in Scotland stating that this will bring over £1 billion in benefits to Scotland. We call on the MOD to share their economic analysis and to work with us so that we can maximise this opportunity through national and local plans already in place.

In April 2017, the Scottish Parliament agreed a motion expressing concern about the impact of MOD's proposals; supporting local community opposition to closures; calling on the UK Government to engage fully with the Scottish Government, local authorities and local communities as a matter of urgency; noting the crucial economic and social contribution of military bases in Scotland, and calling on the UK Government to halt all and any base closures until it had prepared and consulted on full economic assessment and employment diversification plans".

The UK Government has failed to acknowledge these concerns from the Scottish Parliament in relation to its approach to base closures. We restate here the importance of proper consultation, comprising of local economic impact assessments and the involvement of Local Authorities, communities and other stakeholders, will ensure better informed decisions are taken on the future of base closures. This should give due weight to the economic and social vacuum that the Scottish Government is left to mitigate following UK Government decisions made in isolation.

It should also be emphasised that the Scottish Government takes a pragmatic approach to closures, for instance were Local Authorities have a desire for surplus land, cited mainly for housing. We have been disappointed that the UK Government have reneged on previous assurances that surplus MOD sites would be transferred at nil value and decontaminated, in order to support local economic plans. While we accept that there may be MOD and Treasury guidelines to be followed, the UK Government have a responsibility to support Local Authorities dealing with the economic impact of base closures. We have made repeated calls on the UK Government to acknowledge and reinstate the public commitment they gave on surplus land disposals.

#### **The Scottish Government proposes:**

- **The MOD revisit the Estate Strategy decisions given the economic uncertainty caused by Covid-19 and Brexit.**
- **The MOD should work with the Scottish Government and partners to carry out a joint capability and local economic impact assessment that considers retention and repositioning options in Scotland, utilising the existing estate.**
- **That the UK Government acknowledge the concerns of the Scottish Parliament and engage with the Scottish Government, Local Authorities and communities to make evidence based decisions on future base closures and provide support to communities impacted by the closures.**

- **That the UK Government honour its commitment to Local Authorities that surplus MOD land will be transferred at nil value and decontaminated in order to support local economic plans.**
- **That the UK Government's Integrated Review will not mean further cuts to Scottish military bases, personnel or training estate and that Scottish Government must be fully consulted on developments as they occur.**

### **Armed Forces Personnel**

In 2014, the Secretary of State for Defence at the time, Philip Hammond, committed the UK Government to increasing the number of Scottish-based personnel to some 12,500 Regular Armed Forces by 2020. By November 2019, the current Secretary of State for Defence acknowledged that implementation of this commitment was behind schedule and reiterated it would be met.

Recently published annual statistics on the location of UK Regular Service and civilian personnel show a minor increase in Service personnel to a total of 10,120 as of April 2021. There has been no explanation for the failure to deliver on the 2014 commitment.

The publication of the Future Soldier Programme in November 2021 indicates that Scotland will be home to more units and a greater proportion of the Army's workforce than today. The UK Government failed to notify us of this announcement nor have they provided any detail on the split of regular, reserved and civilian personnel that make up the workforce in Scotland. We seek urgent clarification on this point.

The Armed Forces in Scotland have strong links within their local communities. Contribution at local level takes many forms such as increasing labour market skills, delivering youth activities linked to confidence building and skills development as well as economic stimulus to an area. It is our view that Armed Forces presence in Scotland provides a public good through the contribution made in the communities they are located.

The Scottish Government remains committed to our veterans community. Engagement with the UK Government on Armed Forces Covenant and veterans issues is undertaken through formal structures including the Ministerial Covenant and Veterans Board and the Covenant Reference Group, the Scottish Government is represented on these at Ministerial and official level respectively. In addition Scottish Government officials have regular engagement with the MOD's Covenant Team and the Office for Veterans' Affairs. The development of the Strategy for our Veterans is an excellent example of how the Governments of the UK can work effectively and collaboratively together for a common purpose to ensure the best possible outcomes for our veterans and their families in the future.

However, the Scottish Government remains concerned that the defence footprint in Scotland is being eroded through a drop in personnel numbers and base closures.

## **The Scottish Government proposes:**

- **That the 12,500 commitment to regular personnel is reinstated and the UK Government set out a clear timetable for when this will be achieved.**
- **The UK Government should provide detail on the proposed Army personnel in Scotland as outlined in the Future Soldier Programme.**

### **Business, commercial and procurement practices**

The Scottish Government believes it is of paramount importance that appropriate defence and security capabilities are maintained. This includes ensuring that companies operating in Scotland have the opportunity and support to compete for contracts. As the UK Government acknowledges itself, Scotland's military personnel and industrial base play a crucial role in keeping all of the people of the UK safe<sup>1</sup>.

The Scottish Government expects that any changes to Ministry of Defence procurement practices and policies further support the broad defence footprint in Scotland and the associated local communities.

The industry trade body ADS recently estimated that in Scotland alone, defence industries have a turnover of £1.9 billion, GVA £0.8 billion; 10,000 direct employees and support 350 apprentices a year<sup>2</sup> – the skilled workers of the future.

The defence sector, in particular, has demonstrated strong resilience throughout the COVID-19 pandemic and defence work has allowed sectors such as aerospace, which was severely impacted by the pandemic, to continue operation and keep high-skilled jobs in Scotland.

It is anticipated that opportunities within the defence sector will continue to offer the most stable source of revenue for commercial aerospace companies while the long-term effects of COVID continue to impact upon the return to pre-pandemic levels of global travel.

The Scottish Government wants to see a level playing field in defence procurement with support to improve access to the market for new, innovative suppliers. Although competitive procurement will frequently be appropriate the exemption from the requirement for full competitive tender under Article 346 remains essential in securing our shipbuilding, jobs and infrastructure in Scotland.

The defence sector also supports a much wider range of jobs throughout Scotland, for example:

- Thales in Govan employs around 600 people designing and building optronics systems for all three UK Armed Services;
- Leonardo employs nearly 2,000 people in Edinburgh, designing and producing airborne radar, advanced lasers and electro-optic systems;
- StandardAero near Perth provides maintenance, repair and overhaul (MRO) services for fixed-wing and rotary-wing aircraft operators.

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<sup>1</sup> Defence Secretary Gavin Williamson, MoD news release, 17 November 2017

<sup>2</sup> Facts & Figures 2021 - ADS Group - Scotland

In addition, there are real strengths in the supply chain in Scotland in companies that are not traditional defence contractors, emphasising the broader impact of UK Government procurement decisions.

It is important to encourage innovation in defence and attract new and non-traditional suppliers into all levels of the defence supply chain. In Scotland, our Manufacturing Action Plan outlines how the Scottish Government will work with industry, and with higher and further education institutions, to stimulate innovation, improve productivity and increase investment in Scottish manufacturing.

It should also be noted that Scotland possesses significant R&D opportunities including the National Manufacturing Institute Scotland; the Lightweight Manufacturing Institute Scotland; the Advanced Forming Research Centre and the Michelin Scotland Innovation Parc. The capabilities of these institutes offer the UK defence sector indigenous access to the latest developments in material science, manufacturing processes and engineering advancements which form the cornerstone of a strong conventional military force fit for the modern age.

Defence engineering and manufacturing can also play a very significant role in the transition to net zero, as one of the most innovative sectors with high ambitions for progressing in low carbon technologies. The capabilities in technology, engineering and manufacturing of companies currently operating within the defence sector in Scotland are world-leading and there is a clear focus, across the industrial base to support innovation into low carbon opportunities within the sector and adjacent sectors in the longer term.

In order to meet both Governments renewed economic objectives post COVID-19, it is of paramount importance to ensure appropriate defence and security capabilities are maintained.

#### **The Scottish Government proposes:**

- **That changes to Ministry of Defence procurement practices and policies, as signalled in The Defence and Security Industrial Strategy and Transforming Public Procurement Green Paper, support the broad defence footprint in Scotland.**
- **That the UK Government introduce a level playing field in defence procurement with support to improve access to the market for new, innovative suppliers.**
- **That the UK Government utilises the powers at its disposal, when appropriate, to exempt full competitive tenders under Article 346 of the Treaty on the Functioning of the European Union (TEFU), preserved through regulation 6(3A) – 6(3C) of the Defence and Security Public Contracts Regulations (DSPCR) 2011, to help secure our shipbuilding capability, jobs and infrastructure in Scotland.**

#### **Conclusion**

Scotland makes a considerable contribution to the UK's defence, based on unique and distinct capabilities. Each of the Armed Forces has a long-established and

strong presence in Scotland. Our defence industry builds world-leading ships and hi-tech equipment to support British forces across the World. Scotland's unique terrain offers unparalleled training opportunities that allow British troops to develop their skills and expertise. Decisions on defence policy should not lose sight of the unique aspects Scotland offers and the contribution defence basing, operations and industry make to both the Scottish and UK economies.

There should be a significantly improved dialogue between our Governments throughout the implementation phase of the Integrated Review and its associated sub strategies. We maintain that the Scottish Government should be fully consulted ahead of any changes which might impact on the Armed Forces based in Scotland and the capabilities hosted here.

The Scottish Government stands ready to share information with the UK Government and facilitate discussions with our stakeholders to ensure that decisions are informed by facts. It is our view that decisions cannot be undertaken in isolation from an assessment of their long term impact, either in terms of lost skills, economic impact or capabilities. We call on the UK Government to work with us to help best serve the future defence needs in Scotland.

**Defence Policy Unit**

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