

Scotland set for skills and innovation boost as £50 million defence growth deal unveiled

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Scotland's crucial role in UK defence is to be boosted, as Minister for Defence Readiness and Industry, Luke Pollard and Secretary of State for Scotland, Douglas Alexander today launched a landmark £50 million Scotland Defence Growth Deal.

- Defence funding for new engineering and innovation facilities in the East and West of Scotland will create good, well-paid jobs in a boost for the future workforce.
- The UK Government commits to two Defence Technical Excellence Colleges, one to be established in East Scotland and one in West Scotland, if match funding is provided by the Scottish Government.
- Scotland already benefits from over £2 billion a year in MOD spending and nearly 12,000 supported jobs.

The deal – announced at the National Manufacturing Institute Scotland – will cement Scotland's role as a world leader in maritime, space, quantum and advanced engineering, channelling investment from the Clyde to the East Coast and across the Central Belt to create good jobs, build new skills and ensure that the UK's record defence spending delivers real opportunity for Scottish communities.

The £50 million deal will include:

- £5 million in support of the Arrol Gibb Innovation Campus, Rosyth – an exciting new commercial innovation facility, bringing together defence primes, academia, SMEs and local government.
- £5 million to support the Clyde Engineering and Innovation Centre, near HMNB Clyde, that will foster innovation and support the development of future technology.

We are also announcing the UK Government will fund a £10 million skills package towards the creation of two Defence Technical Excellence Colleges (DTECs), one in the East and one in the West of Scotland, working in consultation with Colleges Scotland to develop the colleges.

Minister for Defence Readiness and Industry, Luke Pollard MP said:

We pledged a Defence Growth Deal for Scotland and today we are delivering on that commitment. Scotland is not just part of the UK's defence story – it is vital to it. From the Clyde to Rosyth, from Edinburgh to the Highlands, Scottish industry, Scottish workers and Scottish ingenuity are keeping Britain secure.

This £50 million deal will ensure Scotland leads in the technologies that will define the next generation of defence – maritime, space, quantum and advanced engineering. It will create good jobs, back businesses and ensure Scotland leads the next chapter of Britain's defence story.

Secretary of State for Scotland, Douglas Alexander said:

The UK Government is delivering a defence dividend for Scotland, creating new skilled jobs, new training places and new opportunities for communities while keeping us and our allies secure. This new Growth Deal will ensure that our record defence investment delivers a defence growth dividend from rising defence expenditure in the coming years.

The UK Government stands ready to commit £10 million for these two Defence Technical Excellence Colleges in Scotland. I urge the Scottish Government to now work with us and match fund these colleges to give our young people the skills they need to secure high-skilled, well-paid careers in the defence industries in Scotland in the years to come.

At the core of the deal is £10 million to establish two major innovation facilities that will drive Scotland's defence capabilities forward.

The new Clyde Engineering and Innovation Centre near HMNB Clyde will receive £5 million, creating a new commercial facility that will drive advances in digital systems, data science and automation. Crucially, it will open these capabilities up to small businesses, helping them find practical solutions for shipbuilding and advanced manufacturing - sectors where Scotland already punches above its weight on the world stage.

The Arrol Gibb Innovation Campus (AGIC) at Rosyth will also receive £5 million and is a global centre of excellence for manufacturing capability that will transform large-scale manufacturing through the adoption and application of emerging technologies into real-world use. It will further build advanced skills and support the growth of the marine and advanced manufacturing sectors in the UK.

The UK Government will also fund a £10 million skills package towards the creation of two Defence Technical Excellence Colleges (DTECs). If the Scottish Government provide match funding, these colleges would develop new specialist pathways into high-skilled, well-paid careers in defence engineering, advanced manufacturing and maritime technology. These will be located to support Scotland's defence clusters in the East and West of the country.

If the Scottish Government provide match funding for these two DTECs we will work in consultation with Colleges Scotland to understand which colleges can achieve DTEC status and how we implement this.

For young Scots entering the workforce, the two DTECs will provide a direct route into one of the UK's most dynamic and fastest-growing industries, connecting the next generation to opportunities in sectors where demand for skilled workers is rising rapidly. Industry analysis suggests there could be demand for up to 50,000 additional defence jobs across the UK by 2034/35.

Gavin Donoghue, CEO of Colleges Scotland, welcomed the announcement. He said:

Today's announcement of a Defence Technical Excellence College (DTEC) model in Scotland, puts colleges at the heart of defence skills.

The East and West DTECs will ensure there is a clear focus on strengthening regional capability and creating skilled employment to support the defence sector, in colleges up

and down the country.

Colleges are Scotland's skills engines and already service a growing demand for access to courses in maritime, engineering, and aerospace. This announcement will allow them to provide more learner opportunities in these areas, and will increase collaboration between colleges and industry.

Warrick Malcolm, Scotland Director at ADS said:

Scotland's defence sector already makes a substantial contribution to the national economy, providing well-paid employment across the nation.

The announcement of the Growth Deal has the potential to build on that foundation by strengthening the innovation and skills infrastructure that industry relies on. While the detail will be pivotal, investment in engineering capability and specialist training can help ensure Scotland continues to deliver the high-value jobs, productivity and technological leadership that our sectors are known for.

We look forward to working with government and partners to ensure these initiatives translate into long-term, sustainable benefits for Scottish industry and the communities it supports.

Scotland's defence sector is one of the most diverse and capable in the UK. Alongside global names such as BAE Systems, Leonardo, Raytheon, Babcock International Group and QinetiQ, the sector includes a thriving ecosystem of smaller firms - from Castle Precision to Glenalmond - that are driving innovation across naval shipbuilding, underwater systems, defence electronics and advanced engineering.

Scotland is already at the heart of UK defence. The MOD spent more than £2 billion in Scotland in 2024/25, directly supporting 11,800 industry jobs and placing 254 contracts with Scottish businesses. The Government has committed to spending £23 million with Scottish SMEs in the year ahead and today's deal will accelerate that momentum, ensuring Scotland's small businesses can access the tools, facilities and contracts they need to grow.

Background

- As with all Defence Growth Deal funding, the AGIC and CEIC allocations are subject to Full Business Case approval.

<https://www.gov.uk/government/news/scotland-set-for-skills-and-innovation-boost-as-50-million-defence-growth-deal-unveiled>