



**REPORT TO: ECONOMIC DEVELOPMENT AND INFRASTRUCTURE
SERVICES COMMITTEE ON 2 MAY 2023**

SUBJECT: NORTH HIGHLAND AND MORAY SPACE CLUSTER STRATEGY

**BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND
FINANCE)**

1. REASON FOR REPORT

- 1.1 To present Committee with an overview of the North Highland and Moray Space Cluster Strategy as presented in **APPENDIX 1** and ask the Committee's approval to support Highlands and Islands Enterprise (HIE) in the implementation of the strategy which may include providing staff resource from Economic Growth and Regeneration section to support economic development opportunities related to the development of the Moray Space Cluster.
- 1.2 This report is submitted to Committee in terms of Section III (F) (2) of the Council's Scheme of Administration relating to the exercise of functions that promote economic development.

2. RECOMMENDATION

2.1 It is recommended that the Committee:

- (i) **recognise the current developments and future ambitions for the North Highland and Moray Space Cluster; and**
- (ii) **agrees to the commitment of staff resource within Economic Growth and Regeneration section to provide ad hoc support to HIE in the implementation of the Moray Space Cluster Development Strategy.**

3. BACKGROUND

- 3.1 The UK Space sector is a fast growing sector which generated an estimated income of £17.5 billion in 20/21 and supports 48,800 jobs across the UK.

Figures from the latest size and health of the UK Space Industry 2022 noted that in 19/20 the UK space industry growth (+5.1%) outpaced the growth of the global space industry (+1.6%), whilst the wider UK economy declined by - 7.6%.¹

- 3.2 The Scottish space sector is growing faster than anywhere else in the UK, that is aiming to grow in value to £4 billion by 2030. As highlighted by the table below, in 20/21 Scotland is home to 76 Space Headquarters that generate an income of £180m, an increase of 28% from the previous years. The sector employs 8568 people attributing to 18% of the total UK industry.

Year	19/20	20/21
UK space organisation population by region, 2020/21	144	183
Space HQs	101	76
UK space industry income by region (of organisation HQ), 2020/21	£141 m	£180 m
UK space industry employment by region, 2020/21	8840	8568

- 3.3 The North Highlands and Moray steering group have developed a strategy for the development of a Space Cluster associated with the new space port in Sutherland, known as Sutherland Spaceport. Moray is included in the space cluster as Orbex, a widely recognised vertical space launch company who operate from Forres Enterprise Park plays a significant part of the cluster.
- 3.4 Orbex have recently signed a 50 year lease to develop and operate its home space port in Sunderland, meaning they will be the first European launcher to manage a dedicated spaceport. The Company has also recently raised £40.4 million and are looking to grow their existing workforce from 90 persons to around 400 locally within the next five years.
- 3.5 The space sector offers significant opportunity for growth and high quality jobs in Moray, the presence of Orbex and the development of the associated supply chain is a good foundation for developing a space cluster in Moray and North Highland.
- 3.6 In recognition of Moray Council's support to the development of the space sector, on the 15 September 2021 (paragraph 30 of the minute refers), Moray Council approved Councillor Leadbitter to participate in the Local Space Leadership Group given his wealth of experience gained from being Chair of this Committee and also his particular interest in aerospace. The group was established in 2022 and held a number of meetings in the first half of 2022. Future meetings of the LSLG are intended to provide a route for the approval

¹ [Size and Health of the UK Space Industry 2022](#)

of work and decisions required to develop the local Space sector. Regular meetings will see this as ongoing action.

4. NORTH HIGHLAND AND MORAY SPACE CLUSTER DEVELOPMENT STRATEGY

- 4.1 The North Highland and Moray Space Cluster strategy produced for Caithness and North Sutherland Regeneration Partnership is to capitalise on economic opportunities that will be generated by satellite launches from Sutherland Spaceport and to attract a space business cluster to the North Highlands and Moray.
- 4.2 The Strategy was funded by Dounreay Site Restoration Ltd (DSRL), Highlands and Islands Enterprise (HIE) and UK Space agency (UKSA) and prepared by Jacobs group with Caithness Chamber of Commerce and the UpNorth! Community Trust.
- 4.3 Key recommendations arising from the strategy that Moray Council could support include:
- Ensure provision of the necessary residential and business infrastructure and resilience in the area to meet the needs of a growing high-tech data driven space ecosystem.
 - Enhance talent attraction capability through focused efforts on promoting the liveability of the area.
 - Unlock further public and private investment through regional planning initiatives integrating other sectors leveraging a 'Space Growth Deal' akin to the 'Moray Growth Deal'. This needs input from UK and Scottish Government who fund these initiatives.
 - Create a dedicated structured and resourced effort to attract inward investment (new businesses) to the area through a coordinated and collaborative approach.
 - Create a shared vision across the private and public sector to realise the benefits locally and regionally through a 'Space Coast 2030' conference.
- 4.4 The strategy concluded that it is envisioned Space Hub Sutherland will bring significant economic impact to the North Highlands and Moray region. The strategy has highlighted that the North Highlands and Moray Space Cluster is estimated to generate:
- 390 jobs by 2030 in the Highlands and Islands Region
 - 740 jobs by 2030 in the Highlands and Islands region as a result of the space cluster
 - Launch activities will generate £22m GVA for the Highlands and Islands Economy
 - The power of the wider space sector will generate £56m GVA for the Highlands and Islands Economy.

5. SUMMARY OF IMPLICATIONS

- (a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**

The development of the local space cluster supports the corporate plan priority of promoting economic development and growth, as well as the LOIP priority of a growing and sustainable economy.

(b) Policy and Legal

None.

(c) Financial implications

There is no direct financial implications arising from this report.

(d) Risk Implications

None.

(e) Staffing Implications

There will be work associated in the implementation of the strategy with supporting actions for the Economic Development and Regeneration section, however this work fits with the priorities established within the LOIP and corporate plan for economic development.

(f) Property

None.

(g) Equalities/Socio Economic Impact

None.

(h) Climate Change and Biodiversity Impacts

There are no direct climate change or biodiversity arising from this report. It is recognised that the space sector plays a significant role in development of our understanding and monitoring of climate change and as with all sectors will developing its own targets to achieve net zero.

(i) Consultations

Consultation has taken place with the Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Legal Services Manager, the Equal Opportunities Officer, and Lissa Rowan (Committee Services Officer) have been consulted and comments received have been incorporated into the report.

6. CONCLUSION

6.1 This report provides an overview of the the ambitions for growth within the North Highland and Moray space cluster.

6.2 Given the significant economic impacts of developing a local space cluster in Moray, the Committee is asked to recognise and support the North Highland and Moray Space Cluster strategy with the ask to provide staff resource when necessary to promote and grow the space cluster within Moray.

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Background Papers: North Highland And Moray Space Cluster Strategy

Ref:

<http://spman.moray.gov.uk/MANComRepDraftSite/DevServLib/2023%2005%2002%20EDI%20Committee/REPORT%20-%20NORTH%20HIGHLAND%20AND%20MORAY%20SPACE%20CLUSTER%20STRATEGY.doc>