

**Update on Discover Space UK (DSUK) bid to provide UK Spaceport at
Machrihanish.**

1.0 EXECUTIVE SUMMARY

- 1.1 The purpose of this paper is to provide the Environment, Development and Infrastructure (EDI) Committee with an update on the progress with the Discover Space UK's (DSUK) bid for a licence from the UK Government to proceed with Campbeltown, Machrihanish as a UK Spaceport. An operational spaceport would provide the UK with a vital piece of infrastructure for the European wide aerospace industry.
- 1.2 The UK Space Industry is rapidly growing with the UK Government wanting a £19 billion space business by 2020 and a £40 billion industry by 2030 employing an additional 100,000 people in the UK. A significant proportion of this industry could be delivered by the UK's first Spaceport through activities such as space tourism, the launching and manufacture of satellites, the development of launching platforms, engines and spacecraft etc. The Council and Discover Space UK (DSUK), a subsidiary of Machrihanish Airbase Community Company (MACC), regard Campbeltown and the Machrihanish Air Base as the best place in the UK to locate the UK's first Spaceport as it offers a number of distinct and clear advantages such as:
- the length of its runway being in excess of 3,000m;
 - a safe distance from conurbations with direct access over the sea;
 - good transport links;
 - good on-site existing infrastructure such as fuel storage;
 - community owned and a welcoming business environment;
 - 1,000 acres of developable land available;
 - close proximity to centres of engineering expertise in both Glasgow and Northern Ireland; and
 - Argyll and Kintyre are outstanding tourist destinations in their own right that can complement space tourism.
- 1.3 DSUK is a subsidiary of MACC that has formed a consortium agreement with Argyll and Bute Council with support from Highlands and Islands Enterprise (HIE) to deliver a spaceport for Campbeltown, Machrihanish. This proposal has now reached the second stage of the selection process with work continuing to develop networks through attendance/presentation at national conferences and meetings with UK and global aerospace industry leaders. It

is the intention of DSUK working with the Council and HIE to continue to foster interest in Campbeltown and wider Kintyre by being active within the network of potential partners and by ensuring that the full potential of the site and Campbeltown as a place open for business is understood to as wide an audience as possible. This will include exploring the potential of Enterprise Area status for Machrihanish.

- 1.4 The spaceport would be a huge boost to the local and national economy. Not just the skilled jobs it would bring, the opportunities for hi-tech supplies and services and the boost to tourism, this new spaceport would signal a clear intent that the UK and Argyll is embracing industries of the future, helping drive forward innovations in science, technology and the rural economy of Scotland.
- 1.5 DSUK has built up a network of companies that have expressed an interest In Machrihanish as a place to do business. This work is subject to commercial confidence. DSUK continually strives to ensure that it has a full understanding of major stakeholders and of the approach taken by competitors. On a more strategic level, this preparatory work is laying groundwork for influencing what a UK Spaceport should be and how Machrihanish has the scope and ambition to meet the needs of the UK space industry.
- 1.6 As announced after the recent Queen's speech, the process to identify an appropriate site will move to a licensed model approach with the UK Government legislating for the requirements through The Modern Transport Bill. Locations complying with the necessary requirements within the Bill will be able to apply to be licensed. However, it is not known if there will be a limit to the number of licences granted.
- 1.7 It is recommended that Members of the EDI Committee:
 - Note the paper on the progress to date.
 - Agrees that Executive Director, Development and Infrastructure will write to UK Government to promote Machrihanish as the UK's first Spaceport and encourage Members to lobby for the same.
 - Executive Director, Development and Infrastructure, to write to the Scottish Government to call for the Machrihanish Community Airbase to be declared an Enterprise Area for UK Spaceport and Aviation activity

Update on Discover Space UK bid to provide UK Spaceport at Machrihanish.

2.0 INTRODUCTION

- 2.1 The purpose of this paper is to provide the Environment, Development and Infrastructure committee an update on the progress on the work the Council and DSUK has been doing as a consortium, with HIE support, to establish the UK's first Spaceport at Campbeltown, Machrihanish and seek approval from the committee that this work should continue at both an Officer and Member level as a top priority for the Council.

3.0 RECOMMENDATIONS

- 3.1 Note the paper on the progress to date.
- 3.2 Agrees that Executive Director, Development and Infrastructure will write to UK Government to promote Machrihanish as the UK's first Spaceport and encourage Members to lobby for the same.
- 3.3 Executive Director, Development and Infrastructure, to write to the Scottish Government to call for the Machrihanish Community Airbase to be declared an Enterprise Area for UK Spaceport and Aviation activity.

4.0 DETAIL

- 4.1 The UK Space industry is rapidly growing with the UK Government wanting a £19 billion space business by 2020 and a £40 billion industry by 2030 employing an additional 100,000 people. A significant proportion of this industry could be delivered by the UK's first Spaceport through activities such as space tourism, the launching and manufacture of satellites, the development of launching platforms, engines and spacecraft etc. To even capture a small portion of this emerging industry has the potential to transform the Kintyre and wider Argyll economy and the availability of essential infrastructure such as transport connectivity improvement, digital and grid enhancements etc.

4.2 Campbeltown and the Machrihanish Community Air Base offers a number of distinct advantages to be the UK's first Spaceport:-

- the length of its runway being in excess of 3,000m;
- a safe distance from conurbations with direct access over the sea;
- good transport links;
- Good on site existing infrastructure such as fuel storage;
- Community owned and a welcoming business environment;
- 1,000 acres of developable land available;
- Close proximity to centres of engineering expertise in both Glasgow and Northern Ireland; and
- Argyll and Kintyre are outstanding tourist destinations in their own right in their own right that can complement space tourism.

4.3 Discover Space UK has been established as a subsidiary of the MACC to work with Argyll and Bute Council (ABC) as a consortium partner with added support from HIE. The work to date has involved a series of highly technical studies by space industry experts to demonstrate the suitability of Machrihanish as a place to site the first UK Spaceport. This work has been funded by the consortium members and HIE with £90k being committed to date, plus the provision of officer time from all parties to facilitate the bid including attending trade shows and meeting with potential private sector partners and politicians. Further activities will include:

- lobbying to key stakeholders;
- promotion and marketing of the site,
- future visits by potential private sector partners; and
- addressing potential barriers to Machrihanish establishing a space industry.

4.4 If further funding is required to facilitate the above activities, one potential source of finance is to apply to the Council's £1 million Inward Investment Fund to assist such a transformational project for Argyll and Bute. Any funding from this fund will be subject to approval by the Policy and Resources Committee.

4.5 As announced after the recent Queen's speech, the process to identify an appropriate site will move to a licensed model approach with the UK Government legislating for the requirements through The Modern Transport Bill. Locations complying with the necessary requirements within the Bill will be able to apply to be licensed. However, it is not known if there will be a limit to the number of licences granted. Building on current activity, partnership work will continue through meeting private companies and space industry stakeholders to further engender interest in Machrihanish and ensure the best economic impact is achieved for Kintyre and Argyll.

- 4.6 DSUK made a presentation to the Member's Seminar on 6th June 2016 and a copy of this report forms **Appendix A** of this report. At this meeting members expressed strong support for the bid and for officers of the Council to continue to work with MACC, DSUK and HIE in an effort to establish the UK's first Spaceport at Machrihanish.
- 4.7 Subject to EDI Committee approval, it is the intention for the Executive Director, Development and Infrastructure to write to the Scottish Government to seek Enterprise Area status for the Machrihanish base in order to facilitate the growth of the space and aviation industry on this site. Prestwick International Airport has had Enterprise Area status since 2011.
- 4.8 The development of an UK Spaceport at Campbeltown, Machrihanish, will have far reaching positive effect on the economy of Kintyre and beyond through the provision of new industries, high quality jobs, improved infrastructure and research capabilities. This transformational project is exactly what Kintyre and Argyll needs to grow our economy and offer a range of high value job opportunities that improve local people's life chances. The proposal allows for full development of the site's potential as an international hub for the UK space industry and its associated industrial supply requirements.

5.0 CONCLUSION

- 5.1 The Council has formed a consortium with MACC, and its subsidiary DSUK, with technical and financial support from HIE. Since the forming of this consortium a considerable amount of work has been undertaken. This work has been funded by the three partners on an equal basis on technical studies and lobbying activity in relation to siting the UK Spaceport at Campbeltown, Machrihanish. The consortium believes that Machrihanish offers a number of distinct advantages that have been identified in paragraph 4.2 of this report over other sites currently being considered. It is intended that this work will continue with a focus now on lobbying for wider support, looking to establish Enterprise Area status for the base for space aviation purposes and working with potential private sector partners as we move forward to addressing the licence requirements as they continue to emerge from the UK Government.

6.0 IMPLICATIONS

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| 6.1 | Policy | This project aligns with the "Investment and Innovation" focus included in the revised Area-based Economic Development Action Plans, 2016-2021 (drafts), the SOA delivery plans and Scotland's Economic Strategy. |
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6.2	Finance	An initial payment of £15,000 was made to DSUK to assist with their bid. A further £15,000 has been granted to enable wider reaching impacts and enhanced lobbying activities. HIE and DSUK have each provided £30,000 to give a total fund of £90,000. No further funding has yet been requested and no additional funding will directly arise from this report.
6.3	Legal	None.
6.4	HR	None.
6.5	Equalities	None.
6.6	Risk	There is a risk that the funds already provided may be insufficient and hinder the establishment of a spaceport with DSUK and Machrihanish.

The decision criteria for licensing is unclear and outwith the control of funders.

The UK is a member of the European Space Agency (ESA) and it is thought that this will continue as the ESA is politically agnostic and has non-EU countries as members. However, European aerospace companies with head offices in mainland Europe, but with UK subsidiaries, might hold back investment in the UK until the full terms of the new relationship with the EU are known.

The UK Government sustains its desire for a UK Spaceport, however, exactly how much of a delay there will be to enacting the Modern Transport Bill, which will set out the spaceport requirements, is impossible to judge.

6.7	Customer Service	None.
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APPENDIX A: DSUK Presentation