

Chancellor Pledges Funding to Support Scottish Defence and Energy Sectors

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— Categories: Defence & Security



The Chancellor has committed to expanding defence spending and supporting Scottish industry, pledging targeted investment to create jobs and boost the clean energy sector as part of the government's wider economic strategy.

During a visit to Babcock's shipbuilding site in Rosyth, Chancellor Rachel Reeves confirmed plans to raise defence spending to 2.6 % by April 2027. She stated that the additional funding would not only enhance national security but also generate long-term economic benefits, particularly in the manufacturing and engineering sectors across Scotland.

Scottish Secretary Ian Murray welcomed the announcement, describing it as a significant opportunity to support skilled employment and secure the future of Scotland's world class defence sector. He noted the importance of sustaining growth in shipbuilding hubs along the Clyde and elsewhere.

Foreign Secretary David Lammy added that the investment would translate directly into jobs and opportunities, with thousands of workers already engaged in frigate construction and related defence projects in Glasgow and other locations.

The funding commitment includes expanded support from UK Export Finance (UKEF), enabling Scottish defence and manufacturing firms to compete globally by providing greater access to export guarantees. This support is expected to strengthen Scotland's position in markets such as military vessels, guided systems, and defence engineering.

In addition to defence, the Chancellor announced a record real-terms funding settlement for Scotland, amounting to an extra £9.1 billion over the current Spending Review period. This includes new investment in energy innovation projects, such as hydrogen infrastructure in the Highlands, nuclear research in Aberdeen, and support for city-region growth deals.

Scottish Liberal Democrat economy spokesperson Jamie Greene urged the Scottish Government to make full use of the funding. He stressed the need for better support for STEM education and clearer strategic planning to ensure Scotland can fully benefit from defence and energy investment.

The government presents the announcement as part of its broader “Plan for Change,” which aims to combine economic renewal with national resilience. Ministers argue that Scotland is well-positioned to play a central role in this effort, particularly through its contribution to defence manufacturing and clean energy innovation.

The Chancellor’s commitment reflects a shift towards integrating industrial strategy with regional development, reinforcing the UK’s defence posture while supporting long-term job creation in key Scottish sectors.