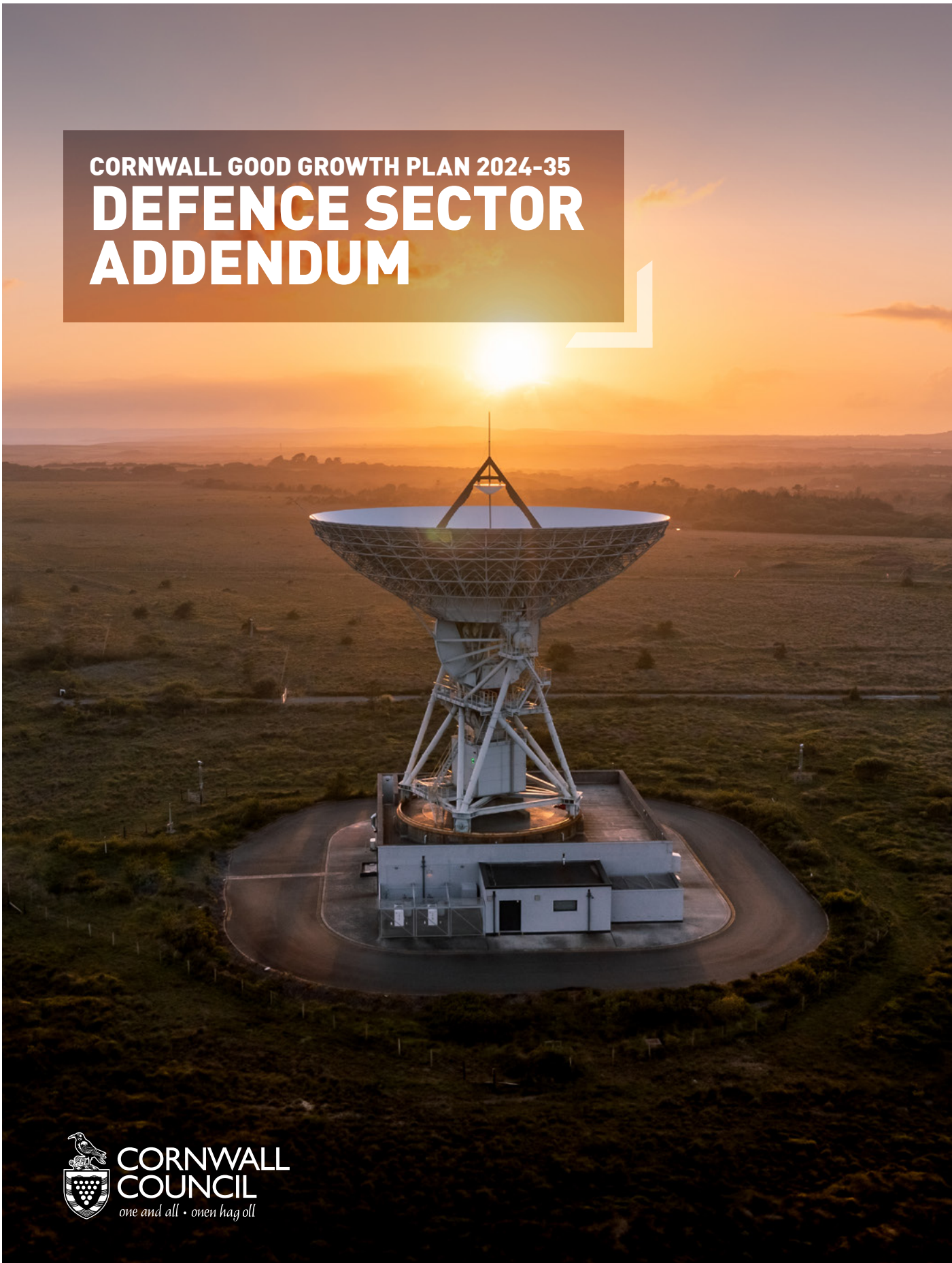
CORNWALL GOOD GROWTH PLAN 2024-35

# DEFENCE SECTOR ADDENDUM



CORNWALL COUNCIL

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# INTRODUCTION

## Cornwall makes important contributions to UK defence and the wider agenda around national economic security and resilience.

These local contributions should be seen within a significantly changed global context for the UK economy, where it is no longer possible to be indifferent or naive about national security in all its forms. Cornwall's space, data and drone capabilities and our marine and manufacturing assets are important elements of the UK defence sector and its wider ambitions to support the NATO alliance as it modernises in the face of a volatile global context. These are also economic growth opportunities for innovative firms in their own right.

Alongside this, Cornwall has a crucial role to play in ensuring UK economic security and resilience through the supply of renewable energy from reliable UK sources, critical minerals to safeguard the UK's transition to a green economy, and a home-grown supply of food from Cornwall's farmers, fishers and food processors. All key parts of our Good Growth Plan. This paper sets out detail around these contributions to UK defence and resilience.

# WIDER GEOGRAPHICAL IMPACTS

## Industry estimates suggest that the UK defence sector contributes between £10 billion and £12 billion in Gross Value Added (GVA) each year.

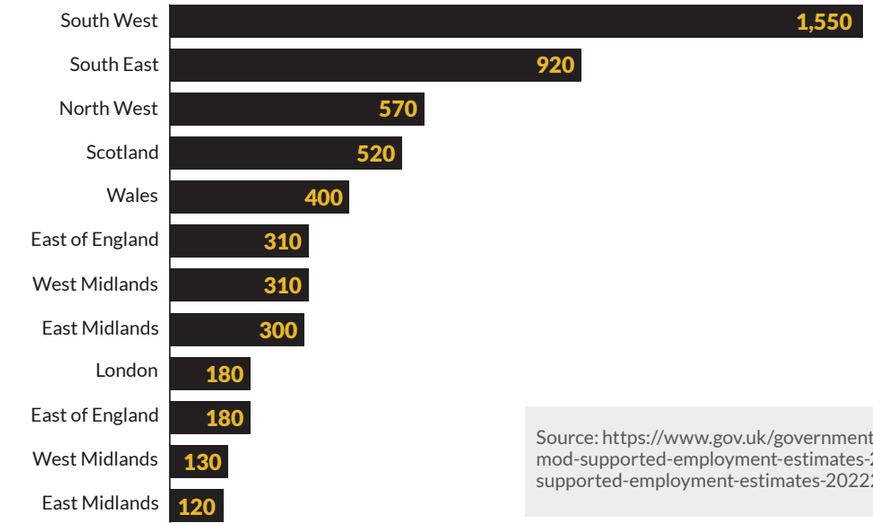
This accounts for approximately 0.4% to 0.5% of the nation's total economic output in 2023. The UK Government has announced significant uplifts in defence spending in light of global threats, so these numbers are expected to rise in the coming years. Most recently at the NATO Summit in Jun 25, NATO Leaders (including the UK Prime Minister) pledged to spend 5% of GDP on National Security (with 3.5% on core defence and 1.5% on resilience and security).

The wider South West collectively provides significant contributions both in terms of UK defence infrastructure and industrial capacity. Ministry of Defence spending with industry across the South West totalled around £5.9 billion pounds in the 2023/24 financial year[1]. The South West has both the highest defence spending per person (£1,190 per person) and the greatest proportion of Ministry of Defence supported jobs in industry of any UK region per FTE (1,550 per 100,000 FTEs).

**1** https://www.gov.uk/government/statistics/mod-regional-expenditure-statistics-with-industry-202324

### THE SOUTH WEST HAS THE MOST MOD-SUPPORTED JOBS IN INDUSTRY

Per 100,000 FTE jobs, 2022/23




Source: https://www.gov.uk/government/statistics/mod-supported-employment-estimates-202223/mod-supported-employment-estimates-202223

The Great Southwest (GSW) Defence Prospectus calculates that the defence sector contributed £2.8 billion in gross value added in 2022, an increase of £0.8 billion since 2017 across Cornwall, Devon, Dorset and Somerset2. In total 21,000 military personnel were employed in 2022, with a higher concentration in the GSW compared to Great Britain. In addition 42,000 people were employed in the broader defence and Security sector across the GSW which has experienced strong growth, increasing by 6,000 (17%) between 2017 and 2022.

**It is clear that defence and related technologies are important high skill employers in Cornwall.**

## DEFINING DEFENCE IN CORNWALL

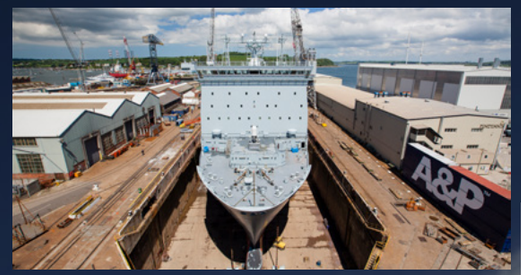
Ultimately the defence industry is complex and difficult to define in economic statistics. There is no Standard Industrial Classification (SIC) Code or collection of codes that identifies defence firms well[3]. DataCity analysis shows only twenty companies with a registered address in Cornwall operating in the defence space according to companies' house data, thus demonstrating the difficulty.

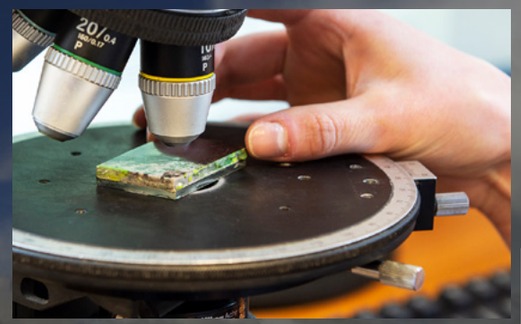
If you take the broadest possible definition of defence which picks up the entirety of computer consultancy activities for example, a clear over-estimate, Cornwall had 6,015 people employed in the sector in 2023 according to BRES[4]. If you take a narrower more focused definition the number is closer to 4,045[5]. **It is clear that defence and related technologies are important high skill employers in Cornwall.**

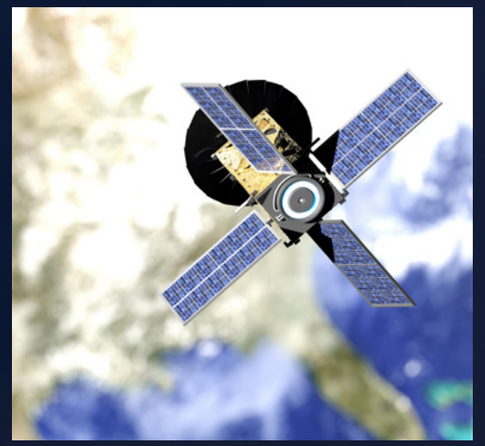
**2** https://greatsouthwest.co.uk/wp-content/uploads/2025/02/GSW-Defence-Prospectus.pdf
**3** https://commonslibrary.parliament.uk/how-much-does-the-defence-industry-contribute-to-uk-regions/
**4** Datacity v2 definition of defence.
**5** SICs': 20510, 25400, 26309, 28110, 30110, 30300, 30400, 33150, 33160, 80100, 80200, 80300, 84220, 84240

# SECTORAL CONTRIBUTIONS

The Strategic Defence Review 2025, a root and branch review of UK defence, shifts the UK defence framework to focus on five domains. These domains are maritime, land, air, space, and finally cyberspace and the electromagnetic spectrum. These areas of focus strongly align particularly with two of Cornwall's distinctive sectors[6] identified in the Good Growth plan.





## SPACE IN A DEFENCE CONTEXT

The strategic defence review highlighted the importance of Space ***"as a critical national infrastructure sector, a site of growing competition, and a domain that is central to warfighting. Assured access to operate in, from, and through space underpins the UK's security, prosperity, and daily life."*** The report also highlighted that almost 20% of UK GDP is reliant in some way on the use of satellite services making space assets critical for national resilience.

Part of this resilience must see increasing focus on developing sovereign space capabilities in light of greater uncertainty regarding assured access to Allied capabilities. Cornwall offers nationally significant space and aerospace assets such as Goonhilly Earth Station, Spaceport Cornwall and the National Drone Hub. These assets ensure the UK has available drone testing sites, horizontal space launch capabilities and Space Domain Awareness data, and satellite communication services. The defence review signalled a shift towards autonomous and uncrewed (land and aerial) systems as an essential component of land warfare. The likely mix shifting to 20% crewed platforms, 40% reusable platforms (such as drones) and 40% consumable platforms or single use. As part of this the report states that, investment in attack and surveillance drones should be prioritised, along with counter-drone systems. An asset such as the National Drone Hub, a premier test and evaluation facility, will be vital in this work.

The defence review also called for investment in Earth-based sensors for Space Domain Awareness, to support UK freedom of action in space. Goonhilly's sovereign, radio frequency-based sensing solutions offer the potential to fill critical capability gaps in the UK's existing Space Domain Awareness system-of-systems. With its extensive in-house engineering expertise and proven track record of supporting both UK and NATO research in this area, Goonhilly continues to develop its bespoke range of day/night, all weather radio frequency-based sensors to enhance the UK's strategic advantage in space.

**6** The distinctive sectors are Renewable Energy, Marine, Space and Critical Minerals.

Alongside this Cornwall offers a growing space and manufacturing supply chain, examples include Piran Composites in Newquay, DP Engineering in Redruth, Sellectronics in Falmouth and Flann Microwave in Bodmin - innovative firms specialising in engineering and manufacturing for space technology. Over 130 organisations currently work directly in space and aerospace with many more in sub-sectors including launch services, satellite communications and operations, space domain awareness, cube sat manufacturing uncrewed aerial systems, AI and prototyping.

**Cornwall offers nationally significant space and aerospace assets such as Goonhilly Earth Station, Spaceport Cornwall and the National Drone Hub.**

## PRIORITIES IN THE GOOD GROWTH PLAN

- **The Cornwall Space Cluster** – Investing to allow air and space systems to test, fly and launch novel technologies.
- **Promotion and Creation of a National Drone Hub** – Test and evaluation centre for uncrewed aerial systems (C-UAS) and associated technologies, accelerating the adoption of autonomy.
- **Development of the Goonhilly** – Developing advanced sovereign radio frequency Space Domain Awareness capabilities and roll-out Goonhilly's global lunar and deep space communications network.

## MARINE IN A DEFENCE CONTEXT

As a region surrounded by ocean Cornwall offers unique coastal and offshore environments ideal for testing naval and autonomous systems and has a long and proud maritime history. Cornwall's marine sector is an important subsector of both of the advance manufacturing, clean energy industries and defence UK growth sectors as outlined in the UK Industrial Strategy. The sector has the skills, assets and entrepreneurial spirit to pivot towards new opportunities such as those linked to decarbonising vessels and emerging technologies.

The recent strategic defence review from the marine side has a strong focus around investments in the submarine fleet and the need to develop autonomous aquatic systems. The report stressed that ***"The Royal Navy must continue its transformation in the skills, equipment, and ways of operating needed for the 21st century maritime domain as part of an Integrated Force."*** Alongside this there will be a growing need to maintain and upgrade existing fleets.

The key opportunity for Cornwall to contribute currently sits primarily in the maintenance and refit space. A&P Group in Falmouth already fulfils a number of in-service support contracts for the Ministry of Defence, providing global maintenance support to navy vessels. Alongside this Penzance Dry Dock has significant expertise in refitting smaller vessels, such as landing crafts, the UK Border Force fleet and Coastal Fisheries Protection vessels. In total Cornwall is home to around sixty-five boat builders, with global reputations for craftsmanship and technological innovation. These key institutions provide opportunities for Cornwall's wider manufacturing supply chain which combined with skills development at the Falmouth Marine School and the Penryn Campus ensure Cornwall is well placed to support investments in both the research and development space. Alongside these there are also significant resources provided in this space by the Cornwall Marine Network and Cornwall Marine Academy.

Cornwall has a history of collaboratively working across wider footprints such as the Great South West as demonstrated by the defence prospectus. The announcement of significant investment into Devonport revealed in the strategic defence review presents a supply chain opportunity for advanced marine and manufacturing businesses in Cornwall. It is important however that any potential adverse impacts on skills availability are mitigated. There are also significant challenges around resourcing for the armed forces, the single biggest

**The key opportunity for Cornwall to contribute currently sits primarily in the maintenance and refit space.**

challenge to the Royal Navy and Royal Fleet Auxiliary vessels that operate from and are serviced at Falmouth is a lack of trained crew members. This national problem has yet to be addressed with the service needing to greatly increase cadet numbers. Cornwall must play its part in supporting recruitment and skills for those moving into and out of the armed forces and their families. Schemes such as the Ministry of Defences' Enhanced Learning Credits Scheme (ELC) which promote lifelong learning amongst members of the armed forces are critical in this aim[7].

The defence report also refers to the need for close coordination with the rest of government, industry, and allies to protect critical undersea infrastructure. At the Hayle Marine Renewables Business Park a number of innovative marine businesses are located specialising in technologies such as hydrographic surveys and use of autonomous vessels[8]. These businesses have strong potential for dual function technologies which could be applied in the area of defence as well as servicing the wider marine and renewable energy sector.

## PRIORITIES IN THE GOOD GROWTH PLAN

- **Investment in Advanced Marine Manufacturing** - Invest in advanced marine manufacturing, to include ships, boats, superyachts and superyacht tenders, equipment, goods, and components, clean energy systems, digital and AI adoption and retrofitting boat propulsion systems.
- **Repurposing Ports and Harbours** - Significant infrastructure capital investment to expand, repurpose and sustain ports and harbours in order to maximise impact of boatbuilding and ship repair, FLOW and marine transport sectors.

**7** Cornwall Marine Network, the Universities and Colleges are amongst a number of Cornwall's training providers - https://www.enhancedlearningcredits.com/

**8** Ultrabeam Hydrographic, Unmanned Survey Solutions and Swathe Services examples of such companies.

## CRITICAL MINERALS IN A DEFENCE CONTEXT

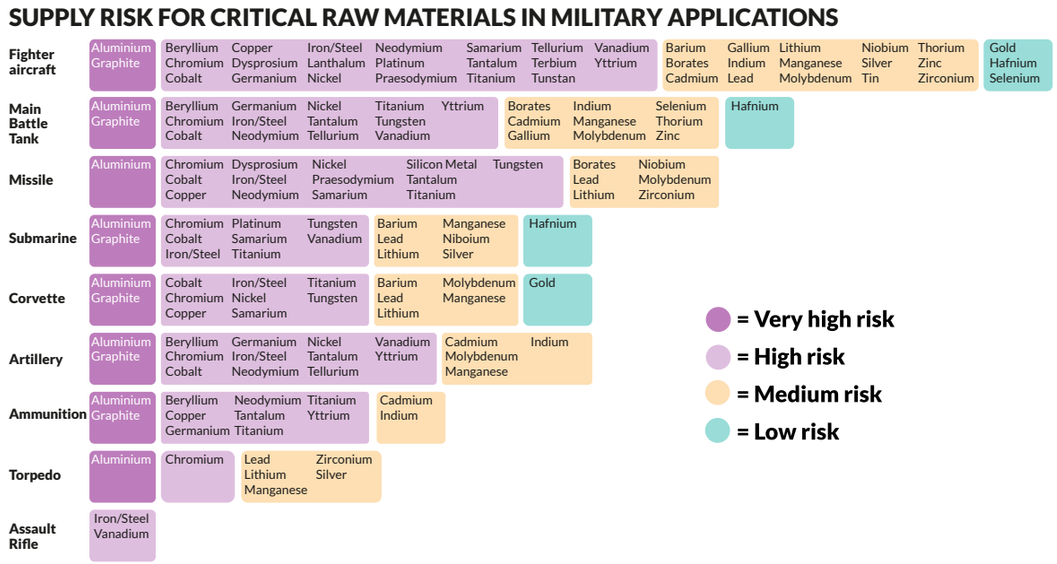
Increasingly there are international strategic concerns around availability of critical minerals. The importance of such materials cannot be overstated as these metals are vital components for the energy transition due to their use in electrification, clean energy generation and battery production. They are also fundamental for defence, acting as the foundation for many military hardware and technologies.

Lithium for example appears on NATO's Defence Critical Raw Materials list which was published in 2024. NATO is concerned by the increasing dominance of China in the space of Critical Minerals. Despite possessing less than 8 per cent of the world's lithium reserves, China is the world's largest importer, refiner and consumer of lithium, buying 70 per cent of lithium compounds and supplying 70 per cent of lithium production.[9]

**NATO is concerned by the increasing dominance of China in the space of Critical Minerals.**

**9** https://www.lowyinstitute.org/the-interpreter/lithium-lightest-metal-earth-carries-heavy-geopolitical-weight

Graphic - List of NATO's 12 defence-critical raw materials includes aluminium, beryllium, cobalt, gallium, germanium, graphite, lithium, manganese, platinum, rare earth elements (REEs), titanium, and tungsten.[10]




Source: Strategic raw materials for defence Mapping European industry needs Benedetta Giardi, Irina Patrahau, Giovanni Cisco and Michel Rademaker The Hague Center for Strategic Studies, January 2003.

**The granite intrusion that underlies Cornwall contains Europe's largest lithium resource, some of the world's richest tin deposits, and one of the world's largest undeveloped tungsten deposits.**

These valuable minerals if extracted will allow the UK to reduce its reliance on politically unstable global supply chains whilst creating a productive and well paid source of employment. Cornwall has a long and successful history of mining over the last four thousand years, and today it is thriving once again.

**10** https://www.nato.int/cps/en/natohq/news_231765.htm

## PRIORITIES IN THE GOOD GROWTH PLAN

- **Unlocking Strategic Infrastructure** - Unlocking critical mineral sector opportunities through strategic infrastructure and designations, including power (grid) infrastructure and rail freight links between Cornwall and key production sites in the wider SW and beyond. Creation of a critical minerals investment zone including sites for added value processing of minerals (e.g. cathode active material) in Cornwall.
- **Developing a National Critical Minerals Framework Linked to Cornwall** - A national framework in place to link the critical minerals resource in Cornwall to the onwards and adjacent circular value chains, especially for lithium-ion battery manufacture and recycling, and tin smelting.

## OTHER SECTOR CONTRIBUTIONS TO WIDER RESILIENCE

Whilst the Marine, Space and Critical Minerals sectors have very obvious linkages to UK defence, they are not the only sectors of importance. The overall resilience of key structural parts of the UK economy is drawn into light by increasing international tensions.

In uncertain times access to domestic sources of food supplies and energy are critical to ensure proactive resilience. In any prolonged conflict or emergency, control over food and energy resources can determine an outcome. Nations often treat these sectors as part of their strategic defence planning, investing in stockpiles, resilient infrastructure, and domestic production capabilities.

Nations with secure, independent energy sources are less vulnerable to external pressure or manipulation, especially during geopolitical conflicts. The UK Government has a set out national ambitions to move towards UK energy independence and decarbonisation of the power sector. Cornwall has the Renewable Energy assets to help power the UK be it through solar, wind, geothermal or floating offshore wind.

**Cornwall's agri-food and fishing sector plays an important role in feeding the nation by providing the UK with a secure supply of high quality food and drink products.**

Currently around 6% of England's milk and beef herd is farmed in Cornwall and the Isles of Scilly along with 5% of fruit and veg. An impressive 25% of England's fishing catch is also landed in CIoS[11]. By producing and processing more fresh food locally and investing in local and national supply chain efficiencies Cornwall can play a significant role to ensure there is sufficient volume and profitability to replace unnecessary imports and increase supply chain resilience.

**11** https://www.cornwallfoodanddrink.co.uk/wp-content/uploads/2024/05/Cornwall-IoS-Insights-Report-AgriFood-2024-Exec-Summary.pdf

Both the creative and advanced manufacturing sectors support defence both directly and indirectly through dual use technologies. Advanced manufacturing strongly underpins the wider defence sector supplying critical components, key systems, and capabilities. The creative sector contributes indirectly to defence through innovation in design, simulation, and immersive technologies such as virtual reality and augmented reality. These tools enhance training, strategic planning, and operational efficiency across defence applications.

## HOUSING IN A DEFENCE CONTEXT

Living in Cornwall offers many people an unparalleled quality of life, but it is also a place with a well-documented and high-profile housing crisis. Our challenge is that house prices have risen in line with the national trend, while incomes remain 90% of national averages. **In 2025, Cornwall had 21.3% of its population earning below the living wage** (South West = 14.2%, England = 14.7%)[12]. Combined with rising living costs, this makes housing unaffordable for many. Our demographic challenge of more older people and fewer working-age people leads to a dual challenge of providing homes needed to support the local population and to support economic growth and rising prosperity. If we cannot create the conditions for working-age people in Cornwall to afford a home and stay, our current demographic trend of a declining working-age cohort will continue.

With investment in Devonport, there has never been a better opportunity for people to access significant employment opportunities within commuting distance of much of Cornwall. This also creates potential to retain opportunities in supply chains and provide additional skills development within Cornwall. To benefit from this people need access to housing they can afford, in the right places, across a range of types and tenures from open market to social rent. This means our consideration of future growth must respond with the right type, scale, location and phasing of housing to support the defence industry. This will include opportunities to accelerate development on existing growth sites such as Treledan, Saltash whilst exploring new opportunities. We will also look to support the Armed Forces in taking advantage of opportunities to improve the standard of accommodation in Cornwall, addressing longstanding issues, as inadequate housing can adversely impact morale, retention, and recruitment. This aligns with the UK Government's £9 billion Defence Housing Strategy.

The Cornwall Housing Growth Prospectus sets out plans to address this need, articulating an eight-point plan to help accelerate the delivery of homes in Cornwall, together with a set of prioritised projects and programmes. With ministerial endorsement, Homes England has agreed to enter into an MOU with Cornwall Council to create a 'Place Partnership' between the two organisations. This will enable us to further strengthen partnership working to tackle challenges and seize significant opportunities to deliver joint housing, regeneration, and economic ambitions.

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**12** RLW figures are provisional for 2025. Annual Survey of Hours and Earnings.

**As highlighted in the Good Growth Plan. It is of critical importance that Accelerated upgrades of the distribution and transmission grid are enabled to allow Cornwall's renewable energy resources to contribute to UK net zero power targets and unlock clean growth in Cornwall and across the wider Great South West region.**

# ASSETS

Cornwall has a number of key Ministry of Defence assets and defence primes located across the duchy. These sites support many aspects of deterrence and make up part of the wider UK defence posture. As of the 1 April 2024 Cornwall had 2,750 regular UK forces personnel located in Cornwall and 440 civilian personnel across these sites[13]. Alongside this there are private sector employees working at these locations in dual functions supporting defence and other key sectors of the Cornish economy.

## RNAS Culdrose

RNAS Culdrose is a significant base for the Royal Navy's maritime Merlin Helicopters and a significant training asset. As one of Europe's largest helicopter bases, it employs 3,000 people and is a major contributor to Cornwall's economy, injecting £100m annually[14]. The base has recently received £100m of redevelopment funds and is set to benefit from a £300m MoD training contract announced in May 2025[15, 16].

## Cornwall Space Cluster

The Cornwall Space Cluster consists of over 130 companies, nationally significant infrastructure and expertise and is a strategic partner for defence and national security. The region offers a world-leading Civil Aviation Authority certified environment to test and evaluate uncrewed and counter-uncrewed systems and their associated technologies for civil, military and other applications through the National Drone Hub. Once accredited, these novel air systems and spacecraft launch and operate from Cornwall Airport, catalysing innovation and clustering of industry, academia and government entities. This is underpinned by radio frequency based Space Domain Awareness and satcom support services from Goonhilly which enable the safe, sustainable and secure use of space. This combined capability, which is accelerating the adoption of autonomy, increasing warfighter capability and keeping organisations connected and informed, is unrivalled in the UK.

## Falmouth Docks

Falmouth (together with Carrick Roads) is the third deepest natural harbour in the world and is the deepest in Western Europe. The docks cover around thirty hectares and are capable of accommodating a wide range of vessels, from luxury yachts and cruise liners to warships and tankers. The site is home to A&P Group, Pendennis Shipyard and marine bunkering services[17]. The docks are important for the local economy, the predominantly micro and SME business supply chain is in excess of nine hundred businesses, with most of these being local[18].

## HMS Raleigh

HMS Raleigh is the Royal Navy's primary training establishment for new recruits, located in Torpoint, Cornwall. It serves as the gateway for individuals beginning their naval careers and is the largest Royal Navy training base in the South West.

## National Drone Hub – Predannack Airfield

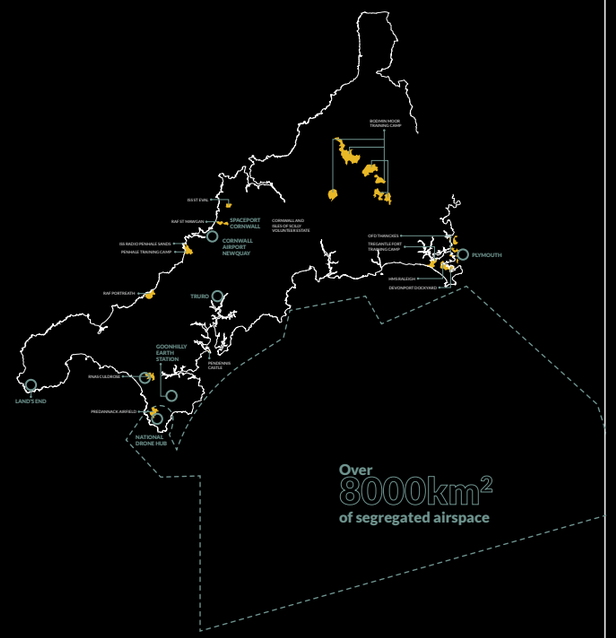
The National Drone Hub is a pioneering facility dedicated to advancing unmanned aerial vehicle technology and operations. Drone Hub is delivered by Wholeship, in partnership with the Royal Navy at RNAS Culdrose, and in collaboration with the Cornwall Space Cluster. The site provides access to over 8000 square km of segregated airspace, from surface to 55,000 feet for testing.

## Subsea Cable Infrastructure

Undersea cables form part of the UK's critical national infrastructure, the facilities, systems and networks necessary for a country to work. A number of cables make landfall in Cornwall at locations in Porthcurnow, Bude and Goonhilly. The safety and security of such assets is essential for national life.

## Government Communications Headquarters Bude (GCHQ Bude)

Bude is also home to GCHQ Morwenstow a Government satellite ground station maintaining and managing the collection of data. The site supports the broader mission of GCHQ in the arena of cybersecurity, counter-terrorism, and intelligence gathering. With increasing online threats the government is deploying significant resources into this area.



13 MOD Annual Location Statistics - 2024
14 https://www.royalnavy.mod.uk/locations-and-operations/bases-and-stations/rnas-culdrose
15 https://www.bbc.co.uk/news/articles/c0r152d8ewpo
16 https://www.bbc.co.uk/news/articles/cqxwr2v0dr5o
17 https://www.falmouthharbour.co.uk/shipping-and-harbour-operations/operations-overview/
18 Cornwall Marine Network - Statistics

# ASSETS MAPPED

SUBSEA CABLES

BUDE

BODMIN MOOR TRAINING CAMP

ISS ST EVAL

RAF ST MAWGAN

SPACEPORT CORNWALL

CORNWALL AND ISLES OF SCILLY VOLUNTEER ESTATE

ISS RADIO PENHALE SANDS

PENHALE TRAINING CAMP

CORNWALL AIRPORT NEWQUAY

OFD THANCKES

TREGANTLE FORT TRAINING CAMP

PLYMOUTH

HMS RALEIGH

DEVONPORT DOCKYARD

SUBSEA CABLES

RAF PORTREATH

TRURO

GOONHILLY EARTH STATION

PENDENNIS CASTLE

RNAS CULDROSE

SUBSEA CABLES

LAND'S END

PREDANNACK AIRFIELD

SUBSEA CABLES

NATIONAL DRONE HUB

Over
8000km²
of segregated airspace

# SKILLS

## Cornwall has a long and proud tradition of service in the armed forces. Supported by communities having a long-standing culture of loyalty, resilience, and a sense of service. This is borne out in the number of veterans living in Cornwall.

In the 2021 census, 30,229 people in Cornwall reported that they had previously served in the UK armed forces (6.3% of usual residents aged 16 years and over). There were 28,198 households (11.26% of all households) in Cornwall, with one or more persons who had served in the UK armed forces. This means that Cornwall has the seventh highest percentage of UK armed forces veterans when compared to the 174 Upper Tier Local Authorities in England and Wales.

**30,229**

**people in Cornwall reported that they had previously served in the UK armed forces**

Cornwall offers a range of opportunities to develop defence and military-related skills examples of these include; defence apprenticeships at RNAS Culdrose, training at the military and protective services academy at Cornwall College and the Royal Navy basic training site at HMS Raleigh in Torpoint. A number of providers in Cornwall also offer lifelong learning via the Ministry of Defences' Enhanced Learning Credits Scheme (ELC) which encourages lifelong learning amongst members of the armed forces and eligible veterans. There are also military reservist opportunities (full or part-time) and cadet forces, which provide leadership and life-skills for children and young adults. The cadet forces also provide skills-related scholarships and training pathways to prepare suitable individuals for regular military service.

There is also growing employment opportunities particularly for those residents located in South East Cornwall, arising from the significant expenditure announced in Devonport, Plymouth. The sites expansion is going to require significant construction and engineering skills from the wider region. This investment could create both a workforce and skills challenge for businesses in Cornwall as well as supply chain opportunities.

# CONCLUSION

## Cornwall's contribution to UK defence and resilience is both strategic and multifaceted.

While defence is not identified as a standalone sector in the Good Growth Plan, it is deeply embedded within many of Cornwall's distinctive strengths be it; Space, Marine, Critical Minerals, Renewable Energy. These sectors not only support national security objectives but also offer pathways for high-value economic growth, innovation, and skilled employment.

The region's unique assets from RNAS Culdrose and Falmouth Docks, to the Cornwall Space Cluster and its critical mineral reserves, position Cornwall as a vital partner in delivering the UK's evolving defence and resilience agenda.

By aligning local strengths with national priorities, the Good Growth Plan ensures that Cornwall is not only contributing to defence but helping to shape a more secure, sustainable, and resilient future for the UK whilst increasing productivity and creating high paid employment for the residents of Cornwall. With targeted investment including infrastructure upgrades, and skills development, Cornwall can play an even greater role in supporting the UK's strategic defence autonomy, energy security, and wider economic growth.

## FURTHER DETAILS ON CORNWALL'S IDENTIFIED SECTORS AND PRIORITIES CAN BE FOUND IN THE PUBLISHED GOOD GROWTH PLAN

www.cornwall.gov.uk/business-trading-and-licences/economic-development/good-growth-plan/

If you would like this information in another format or language please contact us:

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